Austria	Sch30	Indonesia	Rp3000	Pakistan	Rs35
Bahrain	Din1.000	Iran	Rls210	Philippines	Pes45
Belgium	BFr60	Israel	Shk5.50	Poland	Zl 18,000
Cyprus	C£1.00	Italy	L2500	Portugal	Es180
Czech	Kcs35	Jordan	JD1.20	Qatar	QR10.00
Denmark	DKr14	Korea	Won 2800	S.Arabia	SR9.00
Egypt	E£4.00	Kuwait	Fils.500	Singapore	S$4.10
Finland	FM10	Lebanon	L£1,250	Spain	Pta200
France	FFr8.00	Lux	LFr60	Sweden	SKr14
Germany	DM3.30	Morocco	MDh11	Switz	SFr3.80
Greece	Dr250	Neth	Fl 3.50	Thailand	Bt80
Hungary	Ft162	Nigeria	Naira20	Tunisia	Din1.000
Iceland	IKr180	Norway	NKr15.00	Turkey	L6000
India	Rs20	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

Newspaper of the Year — Tuesday February 25 1992 — Φ D 8523A

BURMA

Asian silence over human rights abuse

Page 4

World News

Opinion poll questions Bush's chance of re-election

A Newsweek opinion poll shows that only 44 per cent of Americans believe President George Bush is likely to be re-elected. The poll, in which nearly three-quarters of respondents said Mr Bush was not doing enough on the economy, detracts from the president's victory over Patrick Buchanan in the Maine caucus Focus shifts to South Dakota. Page 20

Airbus design changes
Airbus Industrie has been ordered by the French government to make changes to the cockpit design of the A320. Last month an A320 crashed in eastern France, killing 87. Page 20

Front narrowly beaten
The French centre-right UDF only narrowly beat the extreme rightwing National Front in the second round of the Nice by-election, confirming that Jean-Marie Le Pen's NF party is gaining political ground. Page 2

Cost of North Sea safety
North Sea operators may be required to spend more than £1.7bn ($3bn) on improving safety after findings from an inquiry into the 1988 Piper Alpha tragedy in which 167 workers died. Page 8

Deadline for N Korea
North Korea has been given until June by the US to resolve issues over nuclear weapons and to agree to international inspections. Page 4

Sikh leader selected
Sikh politician Beant Singh was asked to form the first government in India's Punjab state after five years of direct rule from New Delhi. Meanwhile, Sikh militants shot dead five people for voting in last week's elections.

Toxic oil hearings
Survivors of Spain's 1981 toxic oil tragedy, which killed up to 650 people, were locked out of the supreme court in Madrid at the start of appeal hearings. The state prosecutor is seeking stiffer penalties for merchants convicted of selling contaminated cooking oil.

Iraq denies UN report
Iraq dismissed as "political propaganda" a UN report accusing Baghdad of serious human rights violations.

Keating criticised
Remarks by Australian prime minister Paul Keating saying that his country was moving away from traditional ties with Britain drew fierce criticism from political rivals. Page 4

Haitian repatriation
The US Supreme Court upheld the Bush administration's forced repatriation of Haitian refugees. The decision came after exiled president Jean-Bertrand Aristide reached a deal to set up a "consensus government" in Haiti prior to his return to power.

Ivory Coast unrest
Troops in the Ivory Coast fired tear gas and stun grenades to disperse opposition supporters demanding the release of Laurent Gbagbo, arrested after the country's most serious political riots.

Kidnap victim freed
Guerrillas freed Japanese businessman Koji Nakagawa in the Colombian town of Mocoa where he was kidnapped three weeks ago. A ransom of several thousand dollars was paid, local reports said.

US film wins at Berlin
Grand Canyon, a Hollywood film about the decay of urban America, won the Golden Bear award for best picture at the Berlin film festival.

FT No. 31,693

Business Summary

Rolls-Royce sales slump blamed for Vickers' loss

Vickers, the Rolls-Royce Motor Cars and Challenger tanks group, cut its final dividend after incurring a loss of £12.4m ($21.7m) before tax in 1991, down from a pre-tax profit of £96.5m.
The loss stemmed from Rolls-Royce where sales halved in 1991. However, the dividend reduction was not as severe as some feared and the shares rose 7p to 169p. Editorial Comment, Page 18; Lex, Page 20; Vickers results, Page 21; Time runs out, Page 21

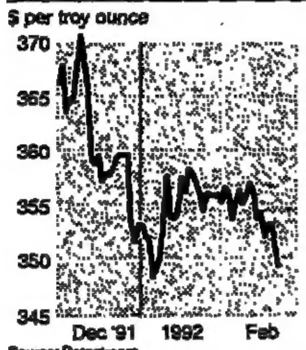
OLYMPIA & York, property developer owned by Canada's Reichmann family, has seen the value of its listed investments fall by 44 per cent in the past two years. Page 21

DOW JONES Industrial Average gained 2.23 points to close at a record high of 3,282.42. Page 42

GOLD closed below $350 a troy ounce on the London bullion market in lethargic trading dominated by technical factors. Page 30

Gold price

$ per troy ounce



Source: Datastream

STEETLEY, UK building materials group fighting a £600m ($1bn) hostile bid, is taking legal action against the Gobitts family which in 1990 sold its Paris aggregates business to Steetley for £92m. Page 21

RENOWN, Japanese clothing maker which recently acquired Aquascutum of the UK, reported a pre-tax annual loss of Y8.2bn ($64m) to the end of December. Page 21

FRENCH economic growth ground to a halt in the final quarter last year, as a collapse in industrial output brought a pause in recovery. Page 2

AUSTRALIA has been overtaken by the EC as the world's largest beef exporter. Page 30

VIAG, fast-growing German conglomerate, revealed record sales and after-tax profits of DM405m ($245.4m) for 1991. Page 22

AIR FRANCE chairman, Bernard Attali, has urged Europe's competition policymakers to allow large European airlines to merge with other carriers. Page 2

HUNGARY has improved on targets set by the IMF to record its healthiest balance of payments. Page 3

SAAB Auto, Swedish car manufacturer, has reported a SKr1.39bn ($232m) loss, after financial items, for 1991, down from a loss of SKr4.64bn in 1990. Page 22

AMERICAN Express, US charge card company, is considering cutting the rate it charges some merchants who accept its cards. Page 24

BANK of America plans to sell 183 branches and divest itself of $7.3bn of deposits in five states in order to meet anti-trust concerns over the forthcoming $4.5bn merger with Security Pacific. Page 24

SOUTH KOREA'S current account deficit hit a record $8.83bn last year, and is predicted to worsen. Page 4

AUSTRALIA'S Labor government is expected to announce capital spending and tax cuts of at least A$2bn ($1.5bn) in an attempt to speed up economic recovery. Page 4

General Motors reports record US loss of $4.5bn

By Martin Dickson in New York

GENERAL MOTORS yesterday reported a 1991 loss of $4.5bn, the largest annual loss ever recorded by a US company. It also named a dozen plants which are to be closed and announced a shake-up of management structure designed to restore its North American operations to profit.

The loss – below many analysts' expectations – included a $1.8bn after-tax charge to cover a big restructuring plan announced in December. This involves the closure of 21 plants and a 74,000 reduction in GM's workforce by the mid-1990s, mainly through attrition and early retirement.

GM said international motor vehicle operations, led by Europe, earned $2.1bn in 1991 – the fourth consecutive year that net income exceeded $2bn.

Its three non-automotive businesses – GM Hughes, the aerospace group; General Motors Acceptance Corp, its finance arm; and Electronic Data Systems – also posted strong results but all this was more than offset by the problems in North America.

GM ended two months of uncertainty by adding 12 new plant names to the two it previously announced would be closed.

They include two car assembly plants, in Ypsilanti, Michigan, and North Tarrytown, New York, employing 7,470, and an engine plant in Flint, Michigan, employing 4,036.

GM, the world's largest motor manufacturer, has been hit hard by the US recession, which has sharply cut demand for cars at a time when growing production in the US by Japanese rivals has created excess demand.

It has also suffered a huge loss of US market share to Japanese rivals over the past decade. The current restructuring is viewed on Wall Street as belated recognition that this may never be reversed.

GM said it had a fourth quarter net loss of $2.47bn, or $4.25 a share, on sales of $30.4bn, after the special charge, compared with a loss of $1.6bn, or $2.89, on revenues of $26.4bn in the same period of 1990.

Mr Robert Stempel, chairman, said the fourth quarter $520m operating

Continued on Page 20

Saab Auto results, Page 22

US opens up rift with Israel over loan guarantees

By Roger Matthews, Middle East Editor, in Washington

THE US opened a serious rift with Israel yesterday by refusing to provide $10bn in loan guarantees unless the Jewish state agrees to halt building new settlements in the Arab territories it occupied during the 1967 war.

The announcement was made by Mr James Baker, the secretary of state, only minutes after the third round of bilateral peace negotiations between Arab and Israeli delegations had opened at the State Department.

The future of settlements had become a critical issue, with Arab delegations threatening to walk out of the talks if the US provided the loan guarantees which Israel wants to help house new immigrants from the former Soviet Union.

It is the most severe setback Israel has suffered in its relations with the US for many years and could have an impact on the Israeli general election scheduled for June 23. Earlier this month Israeli ministers had expressed confidence that the US would agree to their request.

But at the same time Mr Yitzhak Shamir, Israel's prime minister, insisted that there would not be an end to the building of new settlements. He told Israeli newspapers on Sunday that settlements could not be halted "even for a day".

President George Bush created a furore in Israel last autumn when he insisted on a 120-day delay in Congressional consideration of the loan guarantee request, despite heavy lobbying by US Jewish organisations.

Mr Baker, testifying yesterday before the House of Representatives foreign aid appropriations committee, said that he was offering Israel a choice.

It could stop building settlements and receive loan guarantees of up to $2bn a year for the next five years, or there was the possibility that a deal could be negotiated to allow Israel to complete settlement work which was under way on, say, January 1, and the additional cost of completion would be deducted from the total amount the US would guarantee.

He also made clear that he was not referring solely to house building when he talking about "settlement activity". Clearing land and putting in infrastructure was also included, he said. Mr Baker added that if Israel agreed to the terms, the US would also insist on monitoring the agreement every 12 months to ensure that the terms were adhered to. Israel had initially asked for a single agreement to cover five years.

Mr Faisal al-Husseini, leader of the Palestinian delegation to the peace talks, had said on Sunday that the whole process would be in danger of collapse without a clear signal from Washington on the loan guarantees. The Palestinians did not participate in the multilateral negotiations in Moscow earlier this month, also boycotted by Syria and Lebanon.

The arrival of all the delegations in Washington this week suggested that they hoped for a more forceful US position.

Other Arab delegates pointed out that the US decision would not affect more than $3bn in civil and military aid that Israel already receives annually from the US. They said that US moves to reduce this amount would be the next logical step if Israel continued building settlements.

Mr Baker stressed during his testimony that the US retained its total and absolute commitment to the security of Israel. But the US is also reported to have strongly urged Israel last week to withdraw its armoured forces from southern Lebanon.

The incursion came as Israeli troops tried to prevent rocket attacks on the north of the country launched in retaliation for the assassination by Israel of Sheikh Abbas Musawi, the Shia leader, his wife and son.

Judy Maltz writes from Jerusalem: Mr Yitzhak Moda'i, the Israeli finance minister, speaking shortly before Mr Baker's announcement, warned that without that aid, the Soviet immigrants would be forced to undergo great suffering.

He said his ministry had begun working on various contingency plans, but refused to divulge any details.

Stressing Israel's record of debt repayment, he insisted that any loans raised through US loan guarantees would be used solely for the purpose of providing housing and jobs for new immigrants and not for further investment in the occupied territories.

Mr Ariel Sharon, the housing minister who is one of the more hardline members of Mr Shamir's government, said yesterday that the number of housing starts under way in the occupied territories was 22,000 – much higher than any official figure given until now.

Naming the day: South African president F.W. de Klerk announces March 17 as the date for the referendum which will determine the future of political reform and his government. He says he will quit if he loses. Page 20

German bank has stomach for strike

By David Waller in Frankfurt

HISTORY of a kind was made in the main dining room of the Commerzbank head office in Frankfurt yesterday. For the first time in living memory, there was only one meal on the lunchtime menu for employees instead of the normal three.

The reduction in gastronomic choice was possibly the most tangible evidence of the first banking strike in Germany since the Second World War, and the first strike in Germany's current wage round.

Otherwise – in the heart of Frankfurt's financial district at least – it was business as usual. The kitchens of Germany's third largest bank may have been affected by precision-targeted industrial action, but the ordinary bank branches appeared to be functioning normally.

A kilometre down the Mainzer Landstrasse, near Frankfurt's main railway station, there was industrial action in earnest. A solitary striker stood waving his banner outside Commerzbank's data-processing headquarters. It was 4.30 in the afternoon and most of his colleagues had either gone home or gone for a beer.

It was, he insisted, a great success. Approximately 800 of the 1,200 workers at the computer headquarters had heeded the call to industrial action, and the computers – which handle all the bank's electronic payments – had been untended since midnight on Sunday.

The walkout in the Mainzer Landstrasse was one of several small-scale actions organised for yesterday by Germany's two banking unions, following

Continued on Page 20

Signs of upturn, Page 3

Hoare Govett Europe finds Netherlands buyer

By Bronwen Maddox in London and Ronald van de Krol in Amsterdam

HOARE GOVETT, the UK stockbroker owned by the US bank Security Pacific, yesterday ended two years of speculation about its future by announcing that ABN Amro Bank of the Netherlands had agreed to become its new parent.

The proposed takeover of Hoare Govett's European operations, including its large client list of British blue chip companies, marks the Dutch group's most energetic push into European investment banking since it was formed in 1990 by the merger of ABN and Amro.

The terms of the deal were not disclosed, but Security Pacific will recover most of its capital of about £70m tied up in stockbroking. Even after the sale of Hoare Govett's remaining Asian businesses, Security Pacific is still likely to have lost more than half of its total investment of some £100m. It bought control of Hoare Govett in December 1984, and took full ownership in 1987.

Security Pacific's results for the fourth quarter of 1991 included a $65m writedown on its investment in the broker in anticipation of a sale.

Since Security Pacific merged with Bank of America last October and the two Californian banks decided that UK stockbroking had no place in their future, Hoare Govett has courted half-a-dozen potential backers. However, serious talks with ABN Amro did not begin until last month.

Lex .... Page 20
Observer .... Page 18
Bank of America job cuts .... Page 24

One obstacle had been the desire of Hoare Govett's management to preserve a role in the firm's direction. Mr Peter Meinertzhagen, chairman, said yesterday that the deal had the full support of management and that the broking firm would operate independently within ABN Amro.

Last month Hoare Govett cut 60 staff from its workforce of 440, seen by other stockbrokers as a necessary step for a deal. Mr Meinertzhagen said "it is not our intention to make more redundancies, although there will be some changes".

ABN Amro decided not to buy Hoare Govett's Asian operations because the group already has a presence in Asia, it said last night. The Asian businesses, which employ several hundred people, are now searching separately for potential backers.

At the time of Hoare Govett's unsuccessful management buy-out in late 1990, they were estimated to be worth half that of the European businesses.

ABN Amro already has banking and broking operations in France through majority stakes in Neuflize Schlumberger Mallet and Massonaud Fontenay, in Holland under in its own name and through the Pierson Heldring & Pierson investment bank, and under its own name in Germany and Switzerland.

CONTENTS

MARKETS

Philips looks to turn the corner after a black year

When Jan Timmer, president of Philips, unveils last year's results on Thursday he will highlight the group's new strategy of focusing on consumer electronics and reveal to what extent it has recovered from the black year of 1990. Page 19

STERLING
New York:
$1.7465 (1.7425)
London:
$1.7475 (1.747)
DM2.88 (2.8825)
FFr9.79 (9.80)
SFr2.605 (2.6075)
Y225.5 (224.75)
£ index 90.6 (90.5)

GOLD
New York Comex Apr
$365.2 (352.5)
London:
$349.80 (351.95)

N SEA OIL (Argus)
Brent 15-day Apr
$17.325 (17.825)

Chief price changes yesterday: Page 21

DOLLAR
New York
DM1.6525 (1.656)
FFr5.6175 (5.629)
SFr1.4935 (1.50)
Y129.15 (128.925)
London:
DM1.648 (1.6495)
FFr5.6025 (5.61)
SFr1.491 (1.493)
Y129.1 (128.7)
$ index 64.4 (64.2)
Tokyo close: Y129.26

US CLOSING RATES
Fed Funds: $3\frac{15}{16}$% ($3\frac{3}{4}$%)
3-mo Treasury Bills:
4.013% (4.025%)
Long Bond:
$100\frac{5}{16}$ ($100\frac{13}{32}$)
yield: 7.965% (7.94%)

STOCK INDICES
FT-SE 100: Yield 4.83
2,569.7 (+17.4)
FT-A All-Share:
1,226.45 (+0.6%)
FT-SE Eurotrack 100:
1,163.91 (+9.40)
FT-A World Index:
143.74 (-0.2)
New York lunchtime:
DJ Ind. Av.
3,282.42 (+2.23)
S&P Comp
412.27 (+0.81)
Tokyo: Nikkei
20,973.24 (−318.57)

LONDON MONEY
3-month interbank:
$10\frac{3}{16}$ (same)
Liffe long gilt future:
Mar $97\frac{13}{32}$ (Mar $97\frac{7}{16}$)

French growth grinds to halt in last quarter

By William Dawkins in Paris

FRANCE'S economic growth ground to a halt in the final quarter of last year, as a collapse in industrial output brought a pause in the country's fragile recovery.

This left the rise in gross domestic product for the year at a mere 1 per cent, said Insée, the state statistics institute. The result, slightly worse than most analysts were expecting, is well below the government's September budget estimate of 1.4 per cent. It represents a sharp fall from 2.8 per cent in 1990 and is the lowest GDP growth figure for eight years.

"This is largely corporate retrenchment, as a result of the perception that order books look low.... and that interest rates are too high for companies to manage ambitious expansion plans," said Mr Jean-François Mercier, economist at Salomon Brothers in London. Mr Eric Taze-Bernard, senior economist at Banque Indosuez, said: "The fall in German demand has hit French exports and the economy is now waiting for a signal from the US."

Manufacturing output fell in all sectors in the final quarter by 1.4 per cent, giving a 1 per cent decline for the year. Cars and transport equipment were worst hit, down 4 per cent in the last three months, reflecting October's three-week strike at Renault, the state-owned car-maker. The rate of stockbuilding also declined in the last quarter.

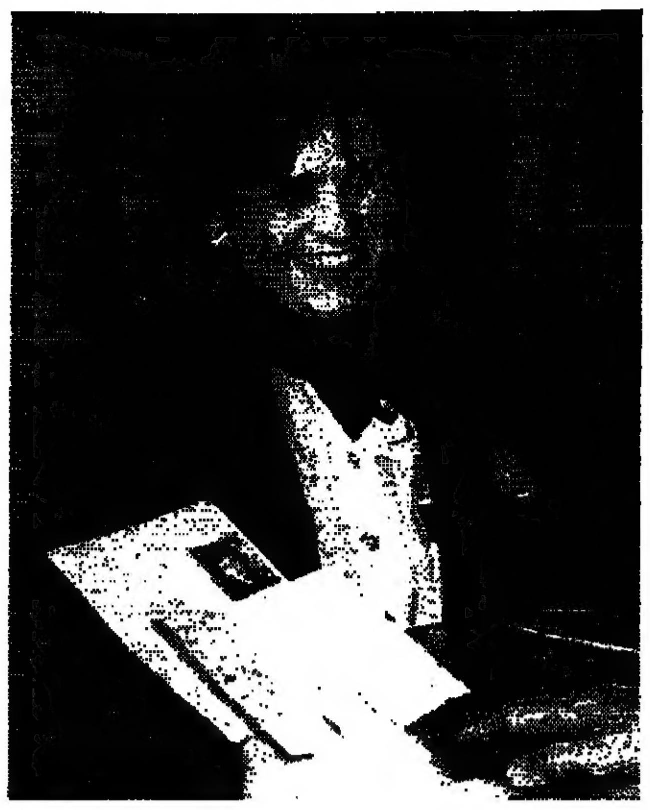
Industrial investment fell by 1 per cent, the fifth consecutive quarterly decline, to end 3.6 per cent down for the year.

Consumers' confidence seems unaffected. Household consumption rose by 0.7 per cent in the final quarter, bringing the rise for the year to 1.5 per cent.

● The morale of French industrialists continues to improve, according to Insée, AP-DJ adds.

A survey carried out earlier this month found that optimism among the industrialists had returned to the level at the end of last year. Top executives were starting to anticipate a recovery in production levels that could be led by an upturn in the motor industry.

Opinions on order books had improved after having deteriorated for two months, the institute said, and opinions on foreign demand were more favourable, especially in the automobile sector.



Far right shows strength in Nice

By Ian Davidson in Paris

THE FRENCH centre-right UDF political group secured a narrow victory in the second round of voting in the local by-election in Nice on Sunday. Its candidate, Mrs Marie-Jeanne Murcia (pictured left casting her vote), defeated Mr Jacques Peyrat of the extreme right-wing National Front with 50.65 per cent of the vote to Mr Peyrat's 49.35 per cent.

The result was warmly welcomed by former President Valéry Giscard d'Estaing, leader of the UDF, and by other mainstream French political leaders. However, the closeness of the result confirms recent indications that the National Front is gaining ground and can be expected to do well in next month's regional elections, especially in the south of France.

The Front's leader, Mr Jean-Marie Le Pen, was elated, saying that Mr Peyrat had held his own against "a shameful alliance" of conservatives, Socialists and Communists. He urged voters nationwide to support "the party of France" next month.

Nice has traditionally been a right-wing stronghold, and in the first round of voting a week earlier, Mr Peyrat had surged to a spectacular lead with nearly 38 per cent, whereas the traditional conservative vote was split between rival candidates.

For Sunday's run-off all the mainstream parties, including the Socialists and Communists, called on the voters to rally behind Mrs Murcia against the National Front.

In the final tally, the abstention rate fell from 64 per cent to 55 per cent.

Merger plea for Europe's airlines

By Paul Betts, Aerospace Correspondent, in Singapore

EUROPE'S competition policymakers must allow large European airlines to merge with other carriers to enable them to expand, improve productivity and compete in the global airline market, Mr Bernard Attali, chairman of Air France, urged yesterday.

Clamping down on large airline mergers and alliances, he warned, "would condemn European air transport to a rapid, irrevocable decline".

Speaking at a Financial Times aviation conference in Singapore, Mr Attali sharply repudiated recent proposals by Mr Christopher Chataway, chairman of Britain's Civil Aviation Authority, to introduce a European competition policy to control airline mergers and protect smaller carriers.

Mr Chataway called earlier this month for an airline merger policy to protect consumer interests in Europe. The aim of European air transport liberalisation had to be to increase competition and allow a multiplicity of airlines to survive, he said, arguing for strict controls on large European airline mergers.

Mr Attali, however, said these proposals would distort natural market trends by increasing regulation. If European airlines were to compete against the large US and Asian carriers, they had to be able to organise themselves freely. "Let us be allowed to gather our strength to avoid being hacked to pieces by our competitors," he said. "Rather than shelter behind an obsolete set of rules, European carriers will need to speed up their reorganisation and improve their competitiveness."

Competition was forcing airlines to streamline their networks and group together to reduce costs. Mr Attali said the international competitiveness of large European airlines would be undermined if regulators forced them to hand over landing slots, give up routes, and dispose of equity holdings in other companies when they put forward merger proposals.

Warsaw looks west for a fast track into private hands

Anthony Robinson and Christopher Bobinski examine a Polish plan to float half the country's state-run companies by 1994

DEBATE continues over Polish economic policy following the recent resignation of Mr Karol Lutkowski as finance minister, but there is still a broad consensus behind giving top priority to the fastest possible privatisation of state enterprises.

Using a mix of conventional and non-conventional methods, the aim is to convert half of Polish industry to private ownership by 1994.

The most innovative plan is a mass privatisation programme involving western-managed investment funds. It has been in gestation since 1988 and steadily refined by Polish and foreign economists, lawyers, bankers and accountants. The details must be debated and approved by parliament, but 200 of the 1,300 state-owned enterprises with an annual turnover above $10m have been selected for the first round, which should begin by the second half of the year, and another 200 are being prepared.

The target enterprises will be converted into joint stock companies owned by the Polish Treasury and their shares transferred to a dozen investment funds. These will be managed by Polish and foreign fund managers. The Treasury will retain about 30 per cent of the shares, while up to 10 per cent will be given to employees. The lead investment group will become the biggest single shareholder, with 33 per cent of the target company shares, and 27 per cent will be distributed among the other investment funds.

Tenders are being evaluated from foreign consultants and merchant banks that have applied to manage the funds for an annual fee and a stake in the eventual capital gains.

Polish citizens initially will be offered "participation certificates" exchangeable next year for a set of shares in the new mutual funds. The public will not become owners of shares in the actual enterprises, which will remain in the hands of the funds, until they are eventually liquidated, probably after 10 years.

All adult Poles originally were to receive a free allocation of shares, but that idea was dropped as redolent of the now-discredited socialist egalitarianism. Opponents successfully argued that free shares would not educate people in the rights and responsibilities of ownership, a key part of the cultural transformation required to make capitalism work.

Poles, like their Czechoslovak counterparts, will soon be invited to pay a relatively nominal sum for shares in the new funds. Mr Tomasz Gruszecki, a former academic who has become minister for privatisation in the new coalition government led by prime minister Jan Olszewski, says that privatisation will also be closely co-ordinated with the government's industrial policy.

Teams of merchant banks and consultants have been carrying out 34 sectoral analyses of Polish industry in a programme partly financed by the World Bank, the results of which should provide the government with a clearer vision of the broader strategic implications stemming from the privatisation of individual companies, especially those sold to foreign buyers.

A series of highly publicised banking scandals, months of political uncertainty and the difficulty of getting quick decisions from over-stretched and under-paid government ministries have delayed several potential foreign investments. However, up to 30 or 40 possible foreign purchases in the automobile, pulp and paper, cement, brewing and other industries are in the pipeline, and the government has made clear that it will remove any enterprise from the mass privatisation scheme if a foreign buyer is interested in acquiring it.

The government is hoping for a renewed flow of private investment following the completion of most sectoral studies. Among recent investors are Asea Brown Boveri, the Swiss-Swedish electrical group, which already employs more than 10,000 people in Poland and has taken a 10 per cent stake in the recently privatised Elektrim trading company, and Unilever, the UK-Dutch consumer goods multinational. Two German detergent companies, Henkel and Benkiser, have bought controlling stakes in Polish detergent companies.

Until now, however, Poland has made greatest progress in privatising trade and retail outlets. Nearly 80 per cent of shops have been privatised within two years, and more than 46 per cent of Poland's $14bn imports were handled last year by the newly privatised trade sector. A retail revolution has brought unprecedented choice of food and consumer goods in place of shortages and queues.

While private enterprise has transformed Polish consumption patterns, the flood of imports has created unprecedently tough competition for Polish farmers and much of Polish industry, including companies already reeling from the collapse in trade with the former Soviet Union.

Mr Jerzy Thieme, chief adviser to the minister of privatisation, admits it would be far better if Poland could import 400 first-class industrial managers to run its ailing state enterprises.

"Unfortunately," he said, "we cannot afford the $250,000-a-year it would cost to put a first-class general manager and finance director into each of our companies."

Instead, the ministry, which is being advised by S.G. Warburg, the London-based merchant bank, expects the new fund managers to exercise ownership rights and provide strategic assistance and guidance to the enterprises in their portfolios. "What we are looking for," Mr Thieme said, "are strong team leaders for the funds, professionals with 15-to-20-years' portfolio experience and previous involvement in the management of industrial companies. It will be a very hands-on commitment."

But mass privatisation remains an untried experiment thought up by academics. To critics, it still looks suspiciously like an attempt to avoid hard decisions which would lead to bankruptcies and mass unemployment. To supporters, it is an attempt to inject management disciplines, restructure enterprises and build up capital.

PRESIDENT Lech Walesa has decided to risk clashing with Poland's parliament over Ms Hanna Waltz Gronkiewicz, his candidate for head of NBP, the central bank, writes Christopher Bobinski in Warsaw. The post has been been vacant since August.

President Walesa said at the weekend that he would re-nominate the 39-year-old academic for the post even though last December parliament failed to give Ms Gronkiewicz the absolute majority required for the position.

"I shall draw far-reaching conclusions if I am not permitted to fulfil my constitutional duties," Mr Walesa said in a reference to the possibility that Ms Gronkiewicz, who has specialised in banking issues, will be voted down again. The statement suggests that he is prepared to use the issue to campaign for limits to be placed on parliament's powers, arguing that deputies were hindering efficient government.

Opponents of Ms Gronkiewicz argued that her lack of banking experience disqualified her for the post. President Walesa, however, says this makes her the ideal candidate to reform the banking system, which has been shaken by a series of scandals.

Cocaine case Irish tycoon is no stranger to controversy

MR BEN DUNNE, the Irish supermarket magnate who was charged with drug trafficking in Miami at the weekend, is not a newcomer to controversy, writes Tim Coone in Dublin.

As chairman and chief executive of Dunnes Group, one of Ireland's largest companies and food retail outlets, he has crossed swords with industry, trade unions and government alike. In 1981 he was kidnapped by an IRA group in an incident which is believed to have ended with the payment of I£300,000 ransom.

Mr Dunne was arrested in Orlando, Florida, after what the police believed was a suicide attempt from the 17th floor of his hotel. He was found to have been drugged with cocaine and in possession of a further 32.5g of the substance.

Mr Dunne returned to Dublin at the weekend after being released on a $25,000 (£14,285) bail, saying: "I made a terrible blunder. I have paid a high price. I have fallen a long way." He has admitted possession of the 32.5g of cocaine for which he was charged, but denied that he is involved in trafficking. "I can certainly look people in the eye and say I am not a dealer. But I was in possession," he said on Irish radio. He said that he was not attempting suicide, but felt under threat.

His family company, founded in 1944 by his father, now boasts 75 supermarket and drapery outlets in Ireland, 6,000 employees and an annual turnover in the region of I£900m. The company also has 23 stores in Ulster and a further five in northern Britain.

The Dublin magazine, Business and Finance, recently rated it number five of Ireland's top 1,000 companies based on turnover. As a private company, it does not release its figures, but it is believed to have annual profits of some I£50m.

Mr Dunne is widely viewed as a tough negotiator, using his group's market strength (about 20 per cent of Ireland's retail food trade) to pare suppliers' margins in order to boost his own company's profits.

Last year he was boycotted by most of Ireland's dairy suppliers when he attempted to reduce the retail price for fresh milk through his stores, threatening doorstep deliveries. He was defeated after a six-week boycott, which reportedly hit overall sales. He fell out with the Confederation of Irish Industry in 1990 as he sought to extend suppliers' credit periods. An important source of the group's profits is thought to be derived through supplier credit. This allows him to accumulate large sums of cash which are then invested in the short-term money market.

Mr Seamus O'Donnell of the trade union which represents Mr Dunne's retail staff said: "They are a difficult firm to deal with, and they work their staff pretty hard."

Signs of upturn in east Germany fail to lift gloom

By Quentin Peel in Bonn

A VERY slight improvement in business confidence and economic activity in east Germany was reported yesterday, but not enough to allay widespread concern about the slow pace of new private investment, rising unemployment, and simultaneously rising wage pressures.

Mr Helmut Kohl, the German chancellor, joined the fray with a new plea for east German workers to restrain their pay demands to avoid exacerbating the traumatic restructuring process of east German industry in which tens of thousands stand to lose their jobs.

He was backed by the German employers' association (BDA), which called for new wage deals to be put on ice, for fear that soaring wage costs would deter potential investors.

The trade unions, on the other hand, called for greater pressure from the government to persuade more big industrial concerns to invest in manufacturing in addition to the service sector.

The state of the east German economy, where unemployment rose last month by 306,000 to 1.34m with the ending of special subsidies for short-time working, was the subject of continuing concern at a top-level meeting of business, trade union and government leaders in the Chancellor's office yesterday.

This was in spite of the best efforts of Mr Kohl and his colleagues to stoke up more optimism.

The greatest worry is on the fate of more than 6,000 former state enterprises still on the books of the Treuhand privatisation agency, which must decide to restructure them or close them down if it cannot find private purchasers.

Mr Kohl reserved his strongest words for the wage pressures coming from the workers themselves, warning that a 20 per cent pay increase would add DM10bn (£3.4bn) to the annual budget of the Treuhand - at the expense of the whole restructuring effort.

"Every D-mark which is required for wage increases is no longer available for the rehabilitation of businesses and jobs," he said.

The Treuhand had to do its job within a limited budget, and he urged both employers and unions to hold back in their pay deals.

At the same time, he agreed that conflicting property claims and poor administration were also causing big problems for would-be investors.

Meanwhile, the Ifo economic institute in Munich reported a continued very slight improvement in eastern business confidence, although actual levels of activity remain massively depressed.

One third of east German enterprises reported an expectation of improvement in their activities, mainly related to export orders, on which they are still dependent on eastern Europe.

However, four out of five businesses cited important handicaps to output growth, dominated by marketing problems caused by the wrong product mix, excessive prices, or inadequate quality. Financing was the second largest problem area.

Moscow warns of further big fall in output

By Leyla Boulton in Moscow

A FURTHER sharp fall in Russia's industrial production is inevitable but action will be taken to stimulate sectors which decline by more than 50 per cent over the next few months, the Russian government said yesterday.

Mr Andrei Nechayev, head of the newly recreated Economics Ministry, forecast that output would fall "significantly" in the next two months as a result of the government's tight monetary and credit policy. The first sector likely to experience a slump was agricultural machinery, but taxation and other financial benefits would be deployed to help.

The minister also announced plans to free the domestic price of oil and gas at the end of April as part of the effort to stabilise prices. The step will deal a further blow to industry accustomed to cheap energy.

The state-controlled domestic price of oil is Rbs350 a tonne. The price of coal is also to be freed on April 15, although the price of coking coal, crucial to the metallurgy industry, is to remain fixed.

Pleading for restraint on the part of workers to help avoid hyperinflation, Mr Nechayev said that the government's agreement under duress to increase the pay of coalminers in the northern Voruta region was a dangerous precedent which could spark a chain reaction and torpedo the government's whole reform programme. He said prices this month had risen 10-12 per cent compared to last February.

The Russian Union of Industrialists and Entrepreneurs produced figures showing that industrial output in the whole of the former Soviet Union had fallen 17 per cent in January.

Although the defence industry is being cut, the 27 per cent fall in steel production for January will hurt other industries such as agricultural machinery. Coal output was down 10 per cent and oil 12 per cent.

Professor Yeveny Yasin, the industrialists' prominent economist, warned that production in the next two months could fall to half last year's level. He said the decline was partly because of the disruption of traditional supplies between enterprises, and partly because of tight credit.

● Russia, the only one of the former Soviet republics to have made debt payments, is refusing to attend debt talks organised by the Ukrainians in Kiev today, writes Leyla Boulton. Russian officials said they were irritated by Ukraine's failure to send a high-level official to a meeting on the more than $60bn debt in Moscow yesterday, as well as by the fact it had not taken part in previous debt meetings.

Correction
Yegor Gaidar

Mr Yegor Gaidar, Russia's deputy prime-minister, has become finance minister, and Mr Andrei Nechayev has become economics minister, not the other way round as reported in Saturday's FT.

Russian minister sees big job losses

By Judy Dempsey

UNEMPLOYMENT in the Russian federation could rise to 6m unless the government can encourage rapid expansion of the small and medium-sized private enterprise sector, Professor Alexander Shokhin, the labour minister and deputy prime minister of the federation, said in London yesterday.

Mr Shokhin, attending a conference organised by Britain's employment department, said unemployment could be held to 2m if a systematic programme of public works, self-employment, and privatisation of retail outlets was speeded up. The current official level of unemployment is around 500,000.

However, Mr Shokhin said the Russian government was facing many obstacles towards implementation of the reforms.

In particular, he said, communist party apparatchiks at the local level continued to wield considerable power. "The gap between the federal structures and the local level is very wide. We can issue any number of decrees, but it is very difficult to implement them on the local level," Mr Shokhin said. He also targeted the layers of bureaucracy in the ministries, as well as the plethora of committees under parliamentary control, which continue to delay implementation of the reforms.

"It is very difficult to translate ideas and laws into reality. There are many decision-making bodies, even at the centre. We spend a lot of our time going from one body to the other," he explained.

Nevertheless, the minister is cautiously optimistic about what has been achieved since January when the first reforms, including price liberalisation, were introduced.

President Boris Yeltsin braves the snow to visit the Russian Orthodox Patriarch Alexis yesterday at the Danilovsky Monastery in Moscow

Commission retreat on energy tax

By David Gardner in Brussels

THE European Commission is unlikely to press the case for an energy tax aimed at reducing carbon dioxide emissions unless the US and Japan show signs of following the same route, because of the effect on European competitiveness.

Brussels had planned to deal with this through exemptions to energy-intensive industries like chemicals, until the EC's main trading partners accepted the need for fiscal weapons to curb global warming.

The Commission is still considering a range of options which might allow the EC to press ahead alone. But Mr Carlo Ripa di Meana, environment commissioner, has acknowledged that "conditionality [introduction of the tax only if the US and Japan took similar measures] in this case is likely to be indispensable."

The test will come at June's "earth summit" in Rio de Janeiro, by when the Commission hopes to have the conditional backing of the Twelve for the planned tax. This is a mixed levy on energy and fossil fuels, starting at $3 a barrel in 1993 and rising to $10 in the year 2000, by when the EC has undertaken to reduce CO_2 emissions to 1990 levels.

Mr Ripa di Meana accepted that a unilateral move was made impossible by an economic context of slow or no growth, in and outside the EC.

● German plans for a single EC law which would sweep away all internal frontier controls in the Community at a single stroke will get tentative backing from the Commission at a ministers' meeting in Brussels today, writes Andrew Hill.

At the moment, member states are proceeding on a case-by-case basis. Britain, for example, has recently agreed to get rid of a dozen border controls on items as diverse as fishing weights and pigeons.

NEWS IN BRIEF

Hungary improves on targets set by IMF

Hungary recorded its healthiest ever balance of payments in 1991, according to official figures released yesterday, writes Nicholas Denton in Budapest.

Capital inflow surged 156 per cent to $1.46bn (£830m) on a wave of foreign investment in privatisations and greenfield developments, the National Bank of Hungary said. Hungary claims to have attracted 50-60 per cent of investment in east Europe.

The current account balance also improved in 1991, showing a record $267m surplus which comfortably surpassed the $1.2bn deficit agreed with the International Monetary Fund.

Iranian peace rôle in Nagorno-Karabakh

The Iranian foreign minister, Ali Akbar Velayati, is travelling to Azerbaijan and Armenia to mediate in their bloody dispute over the Nagorno-Karabakh enclave, Tehran Radio said, Reuter reports from Nicosia. Mr Velayati's mission follows warnings of full-scale war after fighting flared again despite a ceasefire declared last Thursday through Moscow's mediation. More than 1,000 people have died in the ethnic fighting since 1988.

World Bank in talks over Yugoslav loans

World Bank and Yugoslav federal government officials yesterday held talks in Belgrade on resuming co-operation, in the first visit since Croatia and Slovenia were recognised as independent states, writes Laura Silber in Belgrade. A Yugoslav official said the World Bank delegation was investigating how loans approved for the federation could now be divided among republics.

Honecker given tests for cancer in Moscow

Former East German communist leader, Mr Erich Honecker, checked into a Moscow hospital for cancer tests yesterday amid an embarrassing diplomatic tug-of-war between Germany and Chile, Reuter reports from Moscow. Chile has been harbouring him in its Moscow embassy for 11 weeks and wants him to be allowed to join his daughter in Chile.

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Australia set to increase spending and cut taxes

By Kevin Brown in Sydney

AUSTRALIA'S Labor government is expected to announce capital spending and tax cuts of between A$2bn and A$3bn (£862m-£1.29bn) tomorrow in an attempt to speed up economic recovery and resuscitate its fading electoral prospects.

Mr Paul Keating, the prime minister, will announce details in a wide ranging economic statement which could make or break Labor's chances in the next federal election, due by mid-1993.

Consultations with business organisations, the trade union movement and other interest groups have made the statement the most eagerly awaited policy package since 1986 when Mr Keating, then federal treasurer, warned that Australia would become a "banana republic" unless it overcame chronic economic problems.

The principal aim is to generate business and consumer confidence to strengthen a patchy recovery from six quarters of flat or negative economic growth which has pushed unemployment to 10.3 per cent.

Confidence in government claims that the recovery has begun was damaged last week by figures showing that seasonally adjusted retail trade and private new capital expenditure contracted in the December quarter.

However, the government must also reverse a drift of support to the opposition conservatives caused by Labor's handling of the economy and a damaging leadership struggle between Mr Keating and Mr Bob Hawke, the former prime minister.

Mr Keating has been unable to reduce a gap of up to 20 percentage points in the opinion polls since taking over in December.

The statement will concentrate on attempts to stimulate economic activity quickly through a mixture of personal tax cuts and spending on infrastructure projects.

The government has been overwhelmed with calls for infrastructure spending, but is likely to restrict itself to modest improvements to roads, railways and ports. Major projects likely to to be approved include a standard gauge railway from Melbourne to Adelaide and airport terminal improvements in both cities.

The statement will also contain measures to stimulate private investment, probably through accelerated depreciation allowances. The tax treatment of banks' bad debts will be changed in an attempt to discourage foreclosures and stimulate fresh lending.

The government is also likely to give a fillip to the faltering structural economic reform process through further deregulation of the aviation market and faster progress towards rail and port reform.

Mr Keating has ruled out a slowdown in the government's 10-year tariff reduction programme, in spite of pleas for greater protection from the unions and some industry sectors.

The statement is unlikely to unsettle the financial markets unless the fiscal stimulus is substantially greater than expected. However, some economists believe any stimulus could overheat the economy if the recovery already under way is stronger than it appears.

Access Economics, a Canberra consultancy, said the 1991-92 federal budget deficit is likely to exceed A$9bn, compared with the government's estimate of A$5bn, and warned that fiscal pump priming "is likely to score high on temporary job creation, but low on durability."

Ties with UK loosening, says Keating

MR Paul Keating, the Australian prime minister, yesterday told the Queen his country was moving away from traditonal ties with Britain. He was immediately accused by political opponents of bad manners and favouring republicanism, AP reports from Canberra.

His remarks added fuel to the vigorous debate about whether Australia should keep the queen as head of state or become a republic under a president.

Addressing a reception at Parliament House, he said Australia, like Britain, sought partners in its own region. "Our outlook is necessarily independent," he said.

He said members of parliament today were different from those she met on her first visit in 1954.

"Not a few of them saw the world through imperial eyes," he said.

"This is an altogether different generation, reflecting the profound change in our two countries and the relationship between them."

Dr John Hewson, the opposition leader whose Liberal-National Party coalition is strongly favoured to win office in national elections next year, labelled the remarks as "very embarrassing to say the least."

Mr Keating had taken the opportunity "to give a tilt in favour of republicanism in front of the Queen."

Mubarak to meet Mitterrand on Libya

By Tony Walker in Cairo

PRESIDENT Hosni Mubarak of Egypt travels to France today in his continuing efforts to calm international anger over allegations that Libyan agents were responsible for downing US and French commercial airliners in the late 1980s.

A spokesman for Mr Mubarak said yesterday that the Egyptian leader in a planned meeting with President François Mitterrand tomorrow wanted to "reach a formula" that would save Libya from any harm, and at the same time "satisfy the world community which is so angry".

Meanwhile, Libya's Colonel Muammar Gadaffi has told Le Figaro, the French daily, that Libya understood it was obliged to co-operate in the investigations into the blowing up of a Pan Am jet in 1988 over Lockerbie in Scotland, and a French UTA airliner over Niger in 1989.

The Libyan leader made it clear he was responding to threats of a US military strike which he described as virtual state terrorism. "America today is the No. 1 military power in the world and isn't counterbalanced by anyone," he said.

"An armed confrontation would crush us. We are aware of the danger. That's why we prefer to play the card of conciliation, and justice, rather than defiance."

The US and Britain are seeking extradition for trial of two Libyans accused of planting a bomb on Pan Am 103, causing the deaths of 259 people on board and 11 on the ground. France wants to interview four Libyans, including one of Col. Gadaffi's brothers-in-law, over the 1989 crash of the UTA jet with the loss of all 171 passengers and crew.

Tripoli has refused to yield its accused, insisting that it is conducting its own investigation.

Supporters of Taiwan's main opposition Democratic Progressive Party carry a massive protest banner in Taichung, central Taiwan, on Sunday. They were demanding independence for the island in defiance of a government threat to disband the party.

First ladies address the plight of rural female poor

By Frances Williams in Geneva

NEARLY 70 women drawn from royalty and the ranks of presidential or prime ministerial consorts have descended on Geneva for a two-day summit intended to ensure a better deal for the world's 565m rural female poor.

The aim is to persuade governments at the highest level to reorientate development programmes in favour of women, to reflect their important role in food production. Women produce more than half of all food grown in developing countries, and an estimated 70 per cent in sub-Saharan Africa.

"If we could increase the productivity of rural women by 15 per cent, we could wipe out the food deficit in Africa," says Mr Idriss Jazairy, president of the United Nations International Fund for Agricultural Development (Ifad), which is organising the summit.

"Unless we can promote the role of women, the goal of eliminating hunger cannot be achieved." Increased food production and higher rural incomes contribute in their turn to national growth.

Mr Jazairy sees the summit, which has been initiated by six Third World "first ladies" under the patronage of Queen Fabiola of Belgium, as providing a much-needed jolt to international awareness.

Mr Jazairy, a former Algerian diplomat, says Ifad projects have already demonstrated the "bankability" of aiding women in agricultural development. But with projects worth $375m (£123m) a year scattered around the world, the small Rome-based agency has little financial leverage to persuade governments to change the emphasis of national development programmes. However, by definition, "first ladies" have influence at the highest levels.

According to Ifad, women account for nearly 60 per cent of the Third World's rural poor, and their numbers have jumped by half in the past 20 years.

In developing countries as a whole (excluding India and China) one in five households has a female head, yet women are consistently denied access to land, agricultural inputs and credit.

Population growth, environmental degradation and socio-economic pressures will force increasing numbers of women into poverty in the coming years, Ifad predicts, and the total could reach 700m by the end of the decade. To stop things getting worse would cost as little as $750m a year, the agency says.

This message should appeal to hard-headed donor countries. But few "first ladies" from the first world have come to Geneva. Mrs Norma Major is represented by a low-ranking official in the UK's Geneva diplomatic mission.

Japan retail stores see modest rise

By Robert Thomson in Tokyo

JAPAN'S department and chain stores reported modest sales growth of 1.6 per cent and 2 per cent respectively in January, compared with the same month last year, suggesting that consumer demand remains relatively strong in spite of the general slowing of economic growth.

The Japan Department Stores' Association said that sales growth was curbed by a continuing fall in demand for items such as paintings and precious metals, sales of which surged during the expansion of the so-called economic "bubble" in the late 1980s.

Total sales remained above last year's level even though workers' end-year bonuses fell, while overtime in December was 16.1 per cent lower than a year earlier, reflecting a reduction in production output in a range of industries, including the electronics and car sectors.

Department stores' sales of personal articles rose 5 per cent, while foodstuff sales were 4.3 per cent higher and clothing 1.5 per cent higher. But sales of household articles were flat and those of sundry goods fell by 4 per cent. The association attributed slow clothing sales to the warm winter, while the Japan Chain Store Association also reported slow sales of winter clothing and heaters.

Indian president warns parliament on high inflation

By David Housego in New Delhi

INDIAN President R. Venkataraman yesterday opened parliament with a warning of the dangers of high levels of inflation in the country.

His speech to the two houses was seen as setting the scene for a budget in which the main emphasis will be on cutting government expenditure as a way of reducing the fiscal deficit and inflation. The government is keen to avoid adding substantially to the tax burden for fear this will further exacerbate pressure on prices.

Describing inflation as "a matter of grave concern," Mr Venkataraman said that "once the fiscal deficit is reduced and brought under control, inflation can be expected to come down to reasonable levels".

The budget, due to be delivered on Saturday by Dr Manmohan Singh, finance minister, will mark the second wave of the government's liberalisation and economic restructuring programme launched by the new Congress party government in July. It will show how radical the government is prepared to be over reducing protective tariffs, cutting government expenditure and in tackling overmanning in the public sector.

But room for manoeuvre has been reduced by continuing high inflation and the industrial production slump, raising fears that reform could become ensnared in Latin American-style stagflation.

Inflation has dropped to 12 per cent from a 16 per cent annualised rate in August - but remains well above the 9 per cent for financial 1991-1992 that the finance minister had forecast. Industrial production has also tumbled more sharply than expected, with zero or negative growth now forecast this year, against an 8 per cent rise last year.

Dr Deepak Nayyar, former chief economic adviser who resigned after policy disagreements with the finance minister, warned at the weekend of the risks of stagflation from unsustainably high levels of inflation and of the deficit on the external account. He called for a slowdown in structural reforms until greater macro-economic balance had been achieved.

The government of Mr P.V. Narasimha Rao, the prime minister, nonetheless faces the budget session in a politically stronger position than six months ago. The 12 seats Congress won in last week's elections in Punjab give it close to a majority in the parliament.

Seoul suffers record deficit

SOUTH KOREA'S current account deficit hit a record $8.83bn last year, provisional Bank of Korea figures showed yesterday, and economists said the shortfall would worsen this year, Reuter reports from Seoul.

The 1991 deficit outstripped the previous record of $5.32bn set in 1980 and compared with a 1990 deficit of $2.18bn, the central bank said.

Economists predicted that the shortfall in the current account, which measures trade and international transactions in invisible goods and services, would widen to between $9bn and $10bn this year.

Mr Park Jeong-ryong, central bank economist said: "The deficit is not expected to show signs of dramatic recovery this year and over the next year as our exports face difficulties.

"We have to compete with China and south-east Asian countries on price while our product quality and technology seems to be far behind that of advanced nations."

South Korea, which enjoyed multi-million dollar trade surpluses in the late 1980s, has been hit by soaring imports and lagging exports.

It has also suffered from the effects of economic recession in some of its main markets and a loss of price competitiveness.

A domestic construction boom, excessive consumption and politically motivated government policies aggravated the deficit, economists said.

The trade deficit, which makes up about 90 per cent of the current account, ballooned to $9.66bn on a customs-cleared basis in 1991 from $4.82bn a year earlier.

The central bank figures showed trade deficits widening with South Korea's two main partners, the US and Japan.

The chronic deficit with Japan soared to a record $8.76bn against $361m.

South Korea, which had enjoyed a decade of trade surplus with the US, posted a deficit of $335.1m from a surplus of $240.2m in 1990. It was the first deficit since 1981.

Nuclear deadline for N Korea

THE US has set June as the deadline for resolving issues over North Korean nuclear weapons development and forcing the isolated communist nation to open to inspections, officials said yesterday, AP-DJ reports from Seoul.

It is the first time a specific deadline has been mentioned. It comes amid growing concerns that North Korea is purposely stalling inspections of its nuclear facilities to gain crucial time for arms development or to move facilities.

Mr Douglas Paal, a US national security adviser, met South Korean officials in Seoul yesterday . He was said to have expressed dissatisfaction on the lack of progress in nuclear talks between North and South Korea and urged the Seoul government to exercise caution in inter-Korean relations until nuclear worries were resolved.

- North Korea is due to attend United Nations-backed talks in Seoul this week on building a big industrial complex near the North's border with Russia and China.

It will be the first North Korean government delegation to visit South Korea for an international meeting. In the past, North Koreans travelled to the south only for inter-Korea talks.

The two-day meeting called by the United Nations Development Programme starts on Thursday. It will focus on development of the Tuman River area.

South and North Korea, China and Mongolia have been invited to participate. Russia and Japan will be present as observers.

The UNDP proposed last year that the 10,000 sq km delta should be developed as a industrial zone with tax incentives offered to foreign investments.

A management committee was formed to work out final development plans by July 1993. Officials estimate that some $30bn will be put into the project over 20 years.

Hong Kong to boost spending by 16%

By Simon Holberton in Hong Kong

THE Hong Kong government is planning to boost its spending by 16 per cent in nominal terms in the 1992-93 fiscal year which starts on April 1.

Mr K.Y. Yeung, secretary for the treasury, said the spending plans of the government were based on an inflation assumption for the year of about 11 per cent and real economic growth of around 5 per cent.

Mr Hamish MacLeod, the colony's financial secretary, will present his first budget on March 4, when he will detail the government's tax plans and its view of the colony's economic prospects in the year ahead.

The spending plans show a more than doubling in capital works and investment to HK$11.1bn (£806m) from HK$4.8bn.

A large part of the increase represents expenditures for the colony's new airport and development of its ports.

Current spending in the colony, 70 per cent of which is absorbed by the wages and salaries of employees in government service, is set to rise by 15.3 per cent to HK$84.6bn (£6.15bn) from an estimated outturn for 1991-92 of HK$73.8bn.

Algerians to brief west on human rights

By Francis Ghilès

TWO senior Algerians are to visit western capitals to brief foreign governments in response to concern about the country's stability and respect for human rights.

Unrest has followed the cancellation five weeks ago of Algeria's first multi-party elections and the detaining of at least 5,000 Moslem fundamentalists without charge in internment camps.

Mr Ali Haroun, a lawyer who for six months was minister in charge of human rights and is now a member of the country's five-man collegiate presidency, will visit Belgium, Germany and Spain. Mr Redha Malek, a former ambassador, will visit the US and Canada.

Mr Lakhdar Brahimi, Algeria's foreign minister, returns tonight from a 10-day mission to the Gulf states and Saudi Arabia.

De Klerk to meet Kozyrev

MR Andrei Kozyrev, the Russian foreign minister, is to visit South Africa later this week to discuss the normalisation of relations and boosting economic co-operation, Reuter reports from Moscow.

Mr Kozyrev will meet President F.W. de Klerk, Mr Pik Botha, the South African foreign minister, and Mr Nelson Mandela, the African National Congress leader, during a two-day visit on Friday and Saturday.

After decades of hostility, South Africa established consular ties with the former Soviet Union last November.

Asia greets Burma human rights abuses with deafening silence

Victor Mallet looks at why neighbouring countries have refused to take a firm line on the atrocities

THE INVISIBLE, inaudible "Asian way" of dealing with human rights abuses in Burma is being severely tested by the latest flood of refugees into neighbouring countries, following a series of army offensives and reported atrocities against ethnic minorities by the Burmese military junta.

Worst affected have been the Moslems of Arakan in western Burma. In the past two months about 100,000 of them have fled into Bangladesh with tales of forced labour, torture, rape and killings at the hands of Burmese soldiers. And the exodus is continuing.

Yesterday the United Nations World Food Programme said it was granting $1.9m in emergency supplies to help Bangladesh cope with the influx which it estimated at 1,200 refugees a day. Last week the UN High Commission for Refugees allocated $1m in emergency funds for the refugees.

Bangladesh said yesterday that thousands of the migrants were on the verge of starvation because relief efforts were inadequate. Speaking before the latest UN announcement, one official described food and medical help received so far as "only a drop in the vast sea of needs."

Other ethnic groups and guerrilla armies on Burma's frontiers have suffered, too, as has the Buddhist majority in whose name the Burmese State Law and Order Restoration Council (Slorc) claims to be fighting.

Most Asian governments have greeted the actions of the Slorc junta – which is detaining Nobel Peace Prize winner Aung San Suu Kyi and refuses to give way to the government-in-waiting elected in 1990 – with a deafening silence.

Amid the growing international outcry over events in Burma, Mr Goh Chok Tong, Singapore's prime minister, took pains to defend the regional policy of "constructive engagement" with Burma during the summit of the Association of South East Asian Nations (Asean) at the end of last month.

Mr Goh urged his audience of journalists to understand the "culture of Asean," which, he explained, involved private discussions rather than European-style public efforts to change the world. "We do not interfere," he said. "We just have our bilateral contacts."

Thai PM Anand Panyarachun (left): 'I don't like what's happening.' Goh Chok Tong: 'We do not interfere.'

Human-rights activists complain that those contacts include selling arms to Burma and stripping the country of natural resources such as gems, teak and fish, while ignoring the plight of the Burmese.

Western companies have also been criticised for dealing with Burma, especially in oil exploration, but western governments have roundly condemned the Burmese authorities.

A loose alliance of Burmese opposition groups based in the beleaguered town of Manerplaw on the Thai border is now hoping to persuade Asian governments that they need to take a firm line against Burma in the interests of regional security, however unmoved they may be by human rights abuses.

Bangladesh has appealed for international help in handling the refugees. At least one Bangladeshi soldier has been killed by Burmese troops.

Thailand – another destination for refugees – has already seen confrontations this year between its border patrols and the Burmese army.

The Thai press has criticised both the Burmese and Thai governments over human rights in Burma, and Thai Prime Minister Anand Panyarachun said bluntly last month: "I don't like what's happening in Burma."

A small number of refugees have also fled to Nagaland State in India, whose government has been one of the few in Asia to take a strong moral stand against the actions of the Burmese authorities.

Burma's opposition will nevertheless find it difficult to persuade Asia to isolate the junta. China, Burma's principal arms supplier, appears to be unimpressed by the pleas of the Burmese people.

Thailand is ambivalent. The foreign ministry is sensitive to western criticism on the issue of Burma and the government as a whole is anxious to keep the country's borders secure, but the military is notorious for its profitable part in stripping Burma of its teak trees.

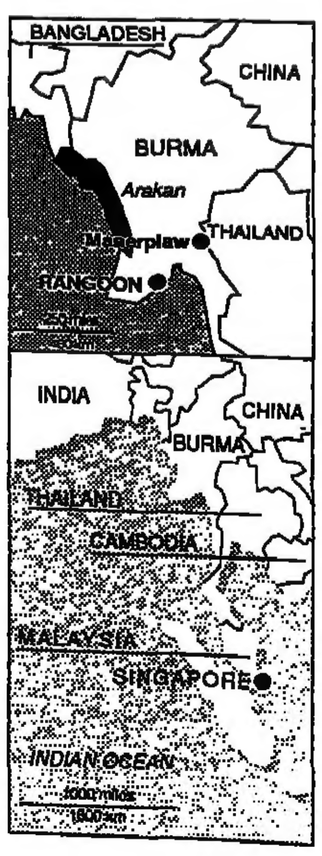
Burmese rebel groups, however, believe that the Thais are reluctant to allow the Burmese army to overrun Manerplaw, which is controlled by the Karen National Union with the assistance of monks, students and politicians from Rangoon.

Opponents of the junta want the UN to take a much stronger line on Burma (so far there has been only a mild resolution passed by consensus in the General Assembly), even if they recognise that the UN is unlikely to recognise the Manerplaw-based elected government.

They also want economic sanctions imposed on Burma, and in this area they believe that western countries are no less guilty than Burma's silent Asian neighbours and Japan.

"Without economic sanctions, the Slorc can get cash to buy arms," says Mr Hla Phay, spokesman in Bangkok for the National League for Democracy, the party which won the Burmese elections but which was excluded from power.

Asian and western governments, however, doubt the effectiveness of sanctions. As Mr Anand said: "Burma is not now ready to listen to anybody."



AMERICAN NEWS

Victory still eludes drugs warriors

FT writers on the background to this week's summit in San Antonio on narcotics

NARCOTICS have replaced communism as the new enemy of the US in Latin America. But neither President George Bush, nor the heads of state of the Latin American countries whom he meets at a drugs summit tomorrow in San Antonio, Texas, can claim much success in the war.

It has been two years since the last such summit, in Cartagena, Colombia. Besides the presidents of Colombia, Peru and Bolivia who then met President Bush, their counterparts in Mexico and Ecuador will attend the two-day meeting.

There has been the occasional victory since Cartagena when the US stepped up its promised aid and its military presence in the drug-producing states. Drug seizures have risen significantly and some leading drugs traffickers, such as the bosses of the Medellín cocaine cartel, are behind bars.

However, the flow has not been stemmed and, if anything, has increased. The drugs traffickers have found new export routes, production has shifted from one place to another, new markets have been found as cocaine consumption has risen in Europe, and the drugs barons have diversified into other illicit products such as heroin.

Fighting an election at home, Mr Bush will seek to create an impression that he is being tough on the drugs problem. However, in some Latin countries, there is considerable scepticism about the likely outcome of the talks, which one US official has called a step towards an "international anti-drugs cartel".

The US has been pressing for measures that will improve the ability of the authorities to crack down on the production, processing and transport of narcotics. Such measures, allowing, for example, increased cross-border "hot pursuit" of traffickers", are being resisted by Andean countries seeing threats to their own sovereignty.

Mexico is likely to support Andean resistance against an overbearing US military role in the region. Mr Ignacio Morales Lechuga, Mexico's attorney-general, said last week that Mexico would not participate in a multinational anti-drug force. Mexican officials have said they will oppose any co-operation that infringes their national sovereignty.

Nevertheless, the Mexicans will push hard for creation of a regional intelligence information system, that would help in the capture of drugs. About half all US cocaine imports pass through Mexico. Mexico also produces about a third of the heroin and 70 per cent of the marijuana entering the US.

For their part, against increasing US scepticism, the Andean countries want more emphasis on alternative development, such as finding crop substitutes for the coca bush.

A UN official based in Latin America said: "We are letting countries like Bolivia think they can have their cake and eat it. It is getting $700m a year in drug-related assistance while cocaine production is increasing."

Some drugs experts point out that the incentives for countries such as Bolivia to end drugs production are slight: if they succeed, aid flows will cease and the prospects increase for unrest among farmers deprived of a living and a military deprived of the equipment financed by drugs aid.

According to a report in the Mexican government newspaper El Nacional, some 90 per cent of the US proposals for the summit focus on repressive tools – such as military co-operation, police surveillance and control of chemicals used in refining drugs. Only 10 per cent suggest alternative programmes, such as crop substitution, economic aid and reducing US demand.

Mr Bernard Aronson, responsible for Latin American affairs at the US State Department, said last week that alternative development was only realistic if interdiction were successful and led to a reduction in demand and a fall in prices. He also said alternative development could not be applied in an isolated manner in producing countries.

Coca growers in Peru, which produces 60 per cent of world coca, have protested that, since signing an accord last May with the US, nothing has been done to help substitute crops.

No inroads on coca production in Peru have been made. Coca acreage is increasing: a well-placed source in Lima estimates it is between 240,000 and 280,000 hectares. Official US figures are unreliable because they are "politically manipulated," he says. This means the Americans are turning a blind eye to some 70,000 newly-discovered hectares in the Maranon and Quillabamba valleys.

Efforts to crack down elsewhere have transformed Bolivia in the last five years from a humble producer of leaf to the world's second largest cocaine producer and turned Brazil (which produces only cannabis) into a major route to Europe.

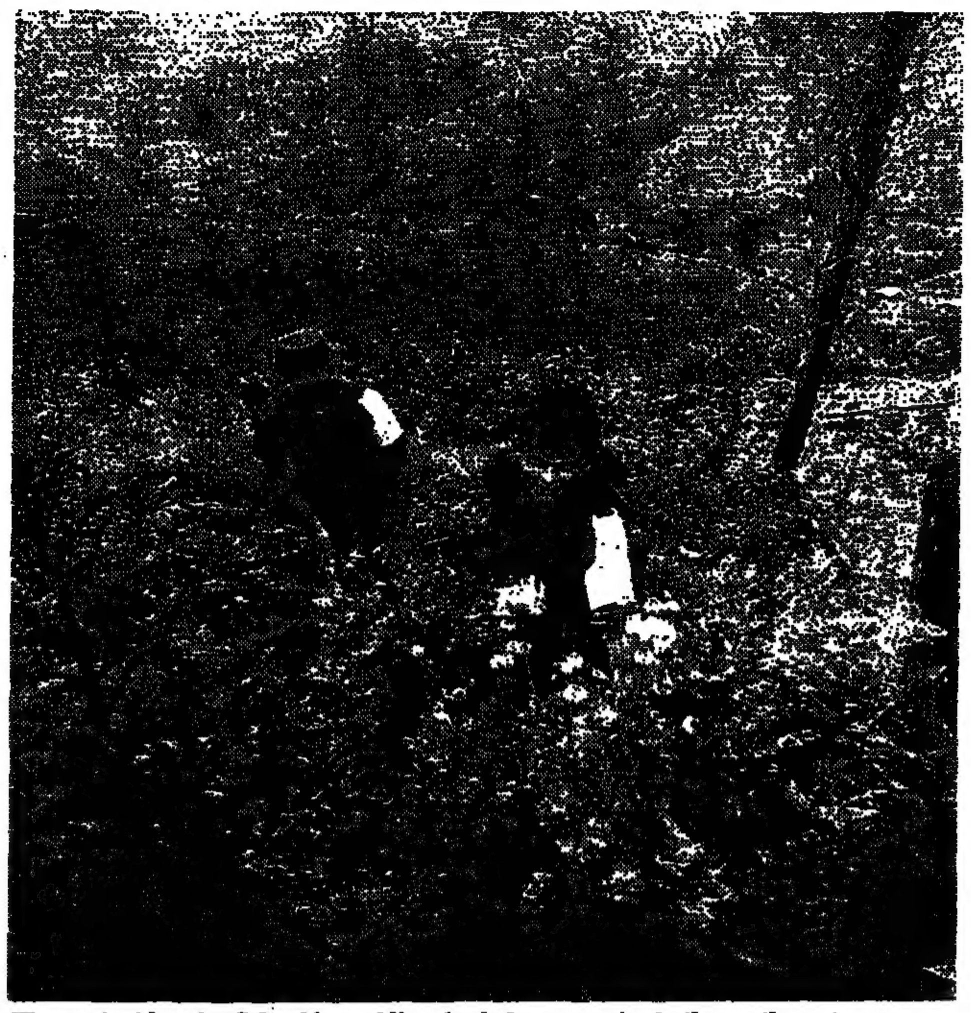
The near impossible task of policing such areas is not helped by police involvement in the narcotics trade. One US Drug Enforcement Agency official said: "The biggest problem in Brazil is the police." In Peru, Mr Hernando de Soto who resigned last month as a drugs adviser to President Alberto Fujimori, said: "Drugs are regularly dispatched from places under the state's control".

In Colombia, the promise that they would not be extradited secured the surrender of the leaders of the big Medellín cocaine cartel. But there have been few signs that this has reduced cocaine traffic. Meanwhile, large areas of the mountains are cultivating a new menace: poppies yielding heroin, the street price of which in the US is 10 times that of cocaine.

In a gesture apparently aimed at the summit, Colombia has announced it will begin spraying the poppies with the herbicide, glysophate.

Latin American governments have regarded consumption as somebody else's problem and said the US must do more to try to curb demand. However narcotics in Latin America is increasingly becoming an internal problem with cocaine-derived crack replacing glue sniffing as the latest addiction among children in poor areas across the continent.

(Reporting by Sally Bowen in Lima, Stephen Fidler in London, Damian Fraser in Mexico City and Christina Lamb in Rio de Janeiro)



War against heroin: Colombian soldiers hack down poppies in the south-west

Haitians lose US asylum battle

THE US Supreme Court yesterday allowed the Bush administration to complete the forced return of thousands of asylum-seeking Haitian boat people to their Caribbean homeland, Reuter reports from Washington.

The high court, by an 8-1 vote, rejected an emergency request by human rights lawyers to halt the controversial US repatriations on grounds that the Haitians would suffer irreparable harm and possibly death if sent back.

The court issued the ruling a day after Haiti's quarrelling factions reached an agreement mediated by the Organisation of American States to restore democracy and return ousted President Jean-Bertrand Aristide to power.

President George Bush's government had argued strongly in favour of allowing forced repatriations.

It said the Haitians were fleeing the impoverished nation for economic rather than political reasons and therefore were not entitled to political asylum in the US.

The only dissenter was Justice Harry Blackmun, a liberal, who said the court gave "full and careful consideration" to whether the Haitians would face persecution upon returning to their strife-torn homeland.

The court, with a solid majority of justices appointed by Mr Bush or his conservative predecessor Mr Ronald Reagan, has now sided twice with the Bush administration during a three-month-long legal battle that has become an embarrassment for the government.

About 15,000 Haitians have tried to enter the US since Mr Aristide, Haiti's first democratically elected president, was overthrown in a military coup on September 30.

Most of the refugees were picked up at sea and taken to the US Navy base at Guantanamo, Cuba. About one-third have already been returned to Haiti.

The Supreme Court's ruling cannot be appealed, but activists have vowed to keep fighting in Congress.

Brussels expected to step up aid for Central America

By Patrick Blum in Lisbon

THE European Community is expected to increase its aid to Central America and establish a four-year programme in support of human rights during a two-day meeting of European and Central American foreign ministers in Lisbon.

The foreign ministers of Mexico, Venezuela and Colombia are also attending the meeting, which ends today.

Discussions were expected to focus on economic co-operation, with EC ministers emphasising the linkage between economic and social progress and the defence of human rights.

Mr João de Deus Pinheiro, the Portuguese foreign minister, said the EC would contribute to national reconstruction in El Salvador which has been ravaged by a 12-year civil war.

The meeting was also expected to discuss an Ecu50m (£35.4m) priority EC aid programme for the country.

Mr José Manuel Pacas Castro, the Salvadorean foreign minister, was due to present details of a national reconstruction plan. The civil war, which caused an estimated 70,000 deaths and ruined El Salvador's economy, ended last January when the government and the opposition Farabundo Martí National Liberation Front signed a peace agreement.

A new Ecu1.5m human rights programme would help to pay for technical assistance to train the Salvadorean police and armed forces. A special commission of EC and Central American experts would supervise the programme.

Discussions on trade were expected to focus on Central American demands for free access to the EC for their agricultural products. The region's producers fear they will be excluded from exporting bananas into the Community once the European single market is completed.

Central American ministers are likely to press for an increase in general economic aid and in technology transfers. Last year, EC aid totalled Ecu125m, with Honduras, El Salvador, Guatemala and Nicaragua as the main beneficiaries.

Peruvians hit back in row over cholera

By Sally Bowen in Lima

PERU'S transport ministry indefinitely suspended Aerolineas Argentinas' permit to fly in and out of Lima at the weekend, in retaliation at the Argentine flag-carrier.

Two days earlier, Aerolineas Argentinas halted all flights via Lima following the death from cholera of a passenger after a Buenos Aires-Los Angeles flight revictualled in Lima. Some 60 other passengers on the same flight are said to have experienced cholera symptoms.

The transport ministry criticised the "rash declarations" made by executives of Aerolineas Argentinas, who laid the blame for the cholera outbreak on food taken on at Lima. Exhaustive investigations, said the ministry, had disproved the allegations. It said there had already been deaths from cholera in Argentina: the cholera victim could have contracted the illness before leaving Buenos Aires on February 14.

Alternatively, the cholera bacteria could have been transmitted through the aircraft's internal water system. The transport ministry did not discount suing Aerolineas Argentinas for potential damage to Peru's already flagging tourist industry.

The company which supplied the meals for the Argentine flight, Docampo, has been operating for 30 years. On February 14, it provided more than 2,500 airline meals for a variety of companies. More than 3,200 people have died from cholera in Peru since last year.

WORLD TRADE NEWS

Brussels hits back at fresh US threat of trade sanctions

By **Andrew Hill** in Brussels

THE EC yesterday attacked the "perverse and overtly discriminatory Buy American Act, and the host of other US discriminatory procurement rules", in an angry response to US threats of trade sanctions against EC government procurement legislation.

On Friday, Mrs Carla Hills, US trade representative, set a January 1 deadline for sanctions against the EC, unless it agrees to rule out discrimination against non-EC suppliers of equipment for telecommunications and electrical utilities. The European Commission said the decision was "regrettable" and that the disputed clause of its legislation made "absolutely no distinction between EC and US suppliers". The directive, part of the move to a barrier-free internal market, was approved by EC ministers in September 1990 and is due to come into effect on January 1.

This latest EC-US row is bound to raise the temperature in negotiations on government procurement under Gatt. The EC says it has formally offered to outlaw all discrimination in public procurement, and claims the US is holding up progress because it will not grant equal access to US markets for EC suppliers. "Progress in this field will come from removal of obstacles by both sides, not from adding to the existing array of American discriminatory measures," the Commission said yesterday.

The relevant article of the EC directive applies only to third countries which have not ensured "comparable and effective access" to their own markets. "The US is being remarkably cheeky," an official from one EC member state said yesterday. "We only put this clause in because the US telecommunications market is closed." The clause allows EC governments to reject any tenders for supply contracts where the non-EC content of the products supplied exceeds 50 per cent of total value. It says in border-line cases, preference should be given to tenders where over half the products are made in the EC, even if the price is up to 3 per cent higher than that of competing tenders.

Asia-Pacific region prepares for new jet take-off

Airbus and Boeing are seeking to attract Japanese partners for their jumbo projects, Paul Betts writes

FT CONFERENCE

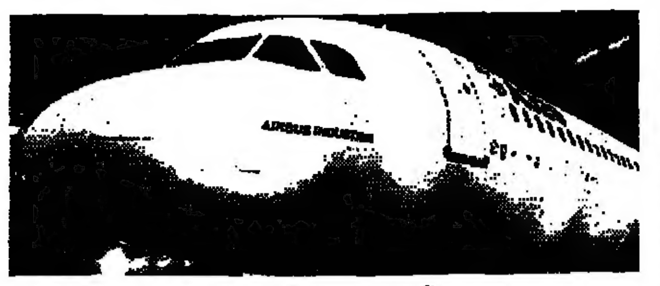
LARGE Asia-Pacific airlines are expected to provide the main market for the development of a new generation of ultra-large commercial aircraft by the turn of the century.

Senior executives of both the European Airbus consortium and the US Boeing company yesterday told a Financial Times conference on Asia-Pacific aviation that they were already studying the development of new 600-seat jumbo aircraft with potential airline customers. Both companies were also seeking to attract Japanese aerospace companies as partners in their proposed new jumbo aircraft projects.

Mr Adam Brown, Airbus planning director, said the consortium expected the market for a 600-seat ultra-large aircraft to be highly concentrated, with 60 per cent of the new jumbos being needed by only nine airlines worldwide. Of these, five came from the Asia-Pacific region, which is expected to continue showing vigorous growth in air transport during the next 10 years. The five Asian carriers were Japan Air Lines, All Nippon Airways, Cathay Pacific, Singapore Airlines and Korean Airways. The four others were British Airways, Northwest Airlines, United Airlines and Iberia.

Airbus expects the development of a 600-seat aircraft to cost about $6bn (£3.4bn) and is forecasting an overall demand for 700 ultra-large airliners, with the first entering service around 2002. "I believe that the design and development of this giant aircraft represents the next great challenge for commercial aviation," Mr Brown said. "It could offer an extraordinary opportunity for the manufacturing industry in the Asia-Pacific region."

He has already paid two visits to Japan to sound out possible interest on the part of Japanese manufacturers to become partners with Airbus in developing the new jumbo.



Airbus: flying into an era of 600-seat aircraft

The three big Japanese aerospace companies, Kawasaki Heavy Industries, Fuji Heavy Industries and Mitsubishi Heavy Industries, are currently tied to Boeing in collaborating in the 100-to-400-seat market. But they would have the opportunity to co-operate with Airbus in the new 600-seat market.

Mr Brown suggested the Japanese companies could find a partnership with Airbus on the development of a new jumbo more attractive than continuing collaboration with Boeing, which has been reluctant to co-operate on core technologies and know-how. "I raise the question as to how much longer Boeing can hope with such an approach to satisfy the legitimate aspirations of the dynamic developing nations in the Asia-Pacific region," he said.

He conceded, however, that Japan remained nervous of abandoning its traditional US partner. "The question is whether they are psychologically ready," Mr Brown said.

Boeing is also talking with airlines about the feasibility of a super jumbo and has formed a large Airplane Unit at its Seattle headquarters to study the project. Mr Richard Albrecht, a Boeing executive vice-president, said the company was looking at three alternatives for developing an ultra-large aircraft. This included a stretched version of the Boeing 747-400; the extension of the 747's upper deck over the entire length of the aircraft's fuselage; and a completely new aircraft with a double-deck fuselage.

Boeing is also considering developing a new extra-large aircraft with a folding wing tip to enable the aircraft to use existing 747 terminal gates at airports. The manufacturer is already offering a version of its new 777 twin-engine widebody airliner with folding wing tips, although no airline has yet opted for this.

Mr Albrecht acknowledged it was too early to say if the market would be able to sustain more than one new jumbo aircraft project, which would be "very expensive" to develop.

McDonnell Douglas of the US is also considering developing a larger version of its MD12 three-engine jet which it hopes to develop in partnership with Taiwan and possibly Korea, and is already negotiating the sale of a 40 per cent stake in its commercial aircraft operations to Taiwan Aerospace for $2bn.

The big aircraft manufacturers have their sights firmly fixed on the Asia-Pacific market because traffic in the region is expected to double by the end of the decade. At the same time, airport and air traffic congestion is expected to limit longer-term growth of flight frequencies in the area.

Airbus thus predicts that, during the next 20 years, the average size of jets operated by Asia-Pacific airlines, already substantially higher than that of any other region, will rise from 228 to as high as 334 seats. "This will obviously require the delivery of substantial numbers of aircraft very much larger than anything flying today," Mr Brown said.

Washington presses for better access to China

MR Joe Massey, assistant US trade representative, has arrived in Beijing for a new round of market access talks with some rare good news from Washington - the ending of a ban on purchases of high-performance computers, Nancy Dunne reports.

The talks come as the Senate prepares to vote today on legislation setting stiff conditions on continuing China's Most Favoured Nation (MFN) status. Senator George Mitchell, majority leader, has criticised the administration for lifting the high-technology ban.

The sanctions were ended after Beijing sent written guarantees it would observe the "guidelines and parameters" of the Missile Technology Control Regime. Beijing welcomed the move, while insisting that it does not supply arms for offensive purposes.

Mr Massey's attempt to get an agreement to open China's market is part of the US administration's plan to deal with trade disputes through strong trade action rather than removing the broader MFN tariff designation, which puts China on equal ground with most other US trading partners. MFN has allowed China to garner huge chunks of the US market for textiles, clothing and electronics.

Mr Massey will be negotiating under a Section 301 trade action launched in October, giving Beijing a year to lift barriers. Washington complains of quantitative import curbs, import licences, undue certification and trade rules. It is pushing for agreement in June.

BAe in pact for fighter jet

McDONNELL DOUGLAS of the US and British Aerospace have agreed to develop and produce a new strike fighter-aircraft, Daniel Green reports.

It will be capable of short take-off and vertical landing like the Harrier jet which is also produced under an agreement between the two companies. The new project is independent from the Harrier.

McDonnell Douglas said yesterday technical demonstrations should be made by 1999 and it should be operational between 2005 and 2010. The initial programme would be to define the aircraft's capabilities and what missions it would be asked to undertake. This could lead to manufacture of a demonstration aircraft, in turn used to test new propulsion and manufacturing techniques.

The deal depends on approval from the US government. It needs to give the go-ahead to the required transfer of technology. McDonnell Douglas makes the Harrier under licence from British Aerospace, but has improved its performance and specification for US military use.

Call for end to German software 'piracy'

US computer software publishers have petitioned Mrs Carla Hills, US trade representative, to take action to curtail "pervasive piracy" of software programs in Germany, Louise Kehoe reports from San Francisco. According to a US software industry group, illegal copying of software programs in Germany cost the worldwide software industry nearly $1.9bn (£1.08bn) in 1990.

"Stopping piracy in Germany is the highest trade priority for the US software industry, and we call on the US government to help our cause by obtaining a commitment from the German government to solve this problem," said Mr Robert Holleyman, managing director of the Business Software Alliance (BSA), a trade group whose members include the largest US software companies.

The industry asked Mrs Hills to place Germany on a "priority watch list" under Section 301 of US trade law, which requires the government to take action to resolve the complaint and provides for imposition of trade sanctions.

Piracy in Germany cost the US software industry an estimated $721m in 1990, the industry group said. The German government has failed to enforce copyright laws against individuals and companies that use copied software, it claims.

Industry executives say the problem stems from rampant software copying in the former East Germany. Rapid growth of market demand in Germany since unification is being met by illegal software that is fast achieving a deeper market penetration than legitimate products, the US group contends.

"Illegal practices of this scale are inexcusable in a country such as Germany where the economy and business culture are among the most advanced in the world," Mr Holleyman said. "We call on the German government to implement the EC's directive for the legal protection of software. . . Further, we call on the US government to address this problem with Germany as one of our nation's top trade priorities in 1992."

The group also cites Italy, Taiwan, Thailand, Poland and South Korea as countries that have failed to implement protection of software copyrights.

ITC bans chip imports in row over patents

THE US International Trade Commission has issued an exclusion order banning import of semiconductor devices made outside the country by five American companies whose products were found to infringe a patent held by Texas Instruments (TI), Louise Kehoe reports from San Francisco.

The exclusion order now goes to President Bush for review and signing. It would prevent the companies importing and selling any integrated circuit or circuit board product that uses TI's patented technology. But the ITC order is not expected to have any material effect on the five companies.

They are Analog Devices, Cypress Semiconductor, Integrated Device Technology, LSI Logic and VLSI Technology. The companies say they no longer use the technology in TI's complaint. The impact of the exclusion order is significantly diminished by an earlier ITC ruling narrowing TI's patent claims, enabling the companies to circumvent TI's patents.

The technology in question is the process whereby electronic chips are encapsulated in plastic packages. TI holds patents on the most commonly used method called "bottom gating" where plastic is injected into a mould cavity underneath the chip. But since the TI complaint was filed 18 months ago, all five have converted to an alternative approach which the ITC ruled is not covered by TI's patent.

Nafta talks run into stalemate

CRUCIAL talks on the proposed North American free trade agreement (Nafta) in Dallas last week have done little to resolve uncertainty clouding the treaty, as negotiators refused to say where, if any, significant breakthroughs were made, Damian Fraser reports from Mexico City.

Presidents Carlos Salinas de Gortari and George Bush will meet in San Antonio this week, where they will discuss progress over the talks and perhaps give their negotiators authority to make key concessions.

The Mexican government, according to various Mexican press reports, is still being pressured to make further concessions in agriculture, energy, treatment of foreign investment, and the financial sector. The three countries involved, the US, Mexico and Canada, seem also to be divided over textiles, cars, a disputes mechanism and anti-dumping rules.

The US trade representative's office said negotiators would report to their trade ministers before scheduling another meeting.

Bank of Credit & Commerce International

Statement by the Majority Shareholders

On 20 February 1992 a proposed settlement was initialled by the Majority Shareholders and the liquidators of BCCI. This is the result of months of hard work to secure a fair deal for depositors and creditors following the closure of the bank.

The proposed settlement is the final chapter in the Majority Shareholders' campaign to secure a future for BCCI after they became majority shareholders in April 1990.

Events leading up to the Proposed Settlement

After becoming Majority Shareholders we discovered certain problem loans within the bank. We immediately sought to uncover the extent of the wrongdoing and identify the wrongdoers. We injected substantial amounts of fresh capital and brought about board and management changes including the removal from their posts of the bank's President and its Chief Executive Officer.

Our objectives were very clear; to ensure that the bank should be run properly and that it should operate successfully.

Towards the end of 1990 we produced a restructuring plan which continued to be developed and refined during the first six months of 1991.

At the same time we set up an investigating committee which included BCCI's auditors, Price Waterhouse, and began to discover what is now well known.

BCCI had sustained substantial losses for a number of years which had lain undiscovered. **They were revealed by the investigations instigated by us.**

All these initiatives were taken in co-operation with BCCI's auditors, Price Waterhouse, and the College of Regulators, including the Bank of England, who were kept informed of developments at every stage.

Nevertheless, *on 5 July 1991*, the Bank of England and other regulators closed the bank without warning and on information supplied secretly by Price Waterhouse in a draft Section 41 report, which contained no allegations of new fraud created within the bank after April 1990.

Since then we have set out to limit the damage caused by the closure. When it became clear that there was no future for the bank we began discussions with the liquidators to devise a plan to improve and speed up the overall return to creditors worldwide.

The Proposed Settlement

These discussions have led to the proposed settlement with the liquidators which when approved by the courts in the UK, Luxembourg and the Cayman Islands and by at least 70% of the creditors would include:

- ☐ A very substantial payment by the Majority Shareholders.
- ☐ *A return to creditors estimated by the liquidators to be 30-40 cents in the dollar.*
- ☐ The Majority Shareholders taking on responsibility for certain liabilities of the BCCI branches in UAE.

Why this Proposed Settlement is right for depositors and creditors

- ☐ The settlement avoids the need for long and expensive litigation in many different jurisdictions.
- ☐ The liquidators have estimated that without such a settlement the return to creditors is likely to be less than 10 cents in the dollar and this return would not be made for a number of years, if at all.
- ☐ Whereas it is estimated by the liquidators that the proposed settlement will, when implemented, provide depositors and creditors with 30-40 cents in the dollar.

All of this has been undertaken despite the fact that our original plan to restructure the bank was thwarted by the regulators and Price Waterhouse; and that Price Waterhouse's draft Section 41 report contained some very serious and completely unsubstantiated criticisms of the Majority Shareholders; and finally that we, as depositors, as investment clients whose funds have been misappropriated and as shareholders, are the largest losers by far.

After we became majority shareholders we devoted a great deal of time and energy in attempting to restore the reputation of the bank and to place it on a sound footing. Our task was frustrated by the closure of the bank in July 1991. In spite of this we have sought a solution which is fair and just for depositors and other creditors worldwide who, having placed so much innocent trust in the bank, have suffered so greatly.

The Majority Shareholders of the BCCI Group comprise:
the Government of Abu Dhabi, the Abu Dhabi Investment Authority and
the Department of Private Affairs of H.H. Shaikh Zayed bin Sultan al - Nahyan

24 February 1992

Major hints at shift on policy over Scotland

By James Buxton and Tony Moreton

MR JOHN MAJOR, the prime minister, hinted yesterday that the government would review its opposition to constitutional change for Scotland after the general election.

He said in a BBC radio interview: "I have come to Scotland to set out the case for maintaining the union *in all its* aspects. After the election we will take stock."

A poll in Wales, meanwhile, indicated that 47 per cent of the principality's population favoured its own elected assembly, with only 31 per cent against. In the 1979 referendum *Wales voted four-to-one against* an assembly.

Mr Major urged Scots at the weekend to reject both independence and devolution, and extolled the virtues of the union of the UK and the role of Scotland within it.

But though only a minority of Scottish Tories support constitutional change, many in the party believe that it might have to change its policy if it *loses some of its nine* remaining Scottish seats in the general election.

There was no sign of a change of policy from Mr Ian Lang, the Scottish secretary, when he opened a five-hour debate on Scotland's constitutional position at the Scottish *Grand Committee of Scottish* MPs, held in Edinburgh. The five hour debate was held in the chamber built to house the Scottish assembly planned by the last Labour government.

It produced few new arguments but was marked by angry attacks one each other by Labour, which wants a devolved Scottish parliament, and the Scottish National Party, which wants independence.

Mr Lang attacked the funding structure for Labour's planned parliament, saying that even if it were assigned all income tax and VAT raised in Scotland, that was "less than half of total identifiable public expenditure in Scotland and less than third of total government expenditure in Scotland."

Even if the Scottish parliament, as Labour had said, imposed an extra 3p on income tax in Scotland, it would only raise 2.5 per cent of government revenue in Scotland.

In a whole range of ways, he said, "a Scottish parliament would run amok among the business and individual taxpayers of Scotland, to fund the policies that would bring her to her knees."

Mr Donald Dewar, Labour's 'shadow' Scottish secretary, delivered a strong defence of the opposition's proposals for a Scottish parliament. It meant that Scots would be "governed by representatives they elect and will retain our links with the other countries which make up the UK."

Mr Lang, he said, "always agonises over the impact of a Scottish parliament on the UK. He never considers the damage being done to Scotland by the present system."

Mr Alex Salmond, leader of the SNP, said that a devolved Scottish parliament would be unstable, as was the status quo. "Independence *in Europe* both offers stability and prosperity," he said.

A devolved Scottish parliament would depend for more than 90 per cent of its income on the discretion of Westminster. It would have little say in Scotland's dealing with the EC and leading members of the Labour front bench, such as Mr John Smith, shadow chancellor and Mr Gordon Brown, shadow industry secretary, had said they would stay at Westminster rather than serve in it.

In Wales a poll commissioned by the Western Mail newspaper in conjunction with S4C, the Welsh fourth TV channel, indicated growing support for an assembly but found that 21 per cent of voters remain uncommitted.

When asked by NOP, who conducted the poll, whether the creation of a Scottish assembly, another Labour commitment, would influence their thinking, the number in favour of a Welsh assembly jumped to 61 per cent with only 24 per cent against and 14 per cent don't knows.

Joe Rogaly, Page 19

BRITAIN IN BRIEF

Honda picks suppliers for new plant

Honda, the Japanese vehicle manufacturer, has appointed 136 European and two US component manufacturers to supply parts for Synchro, its new car range to be built starting in October at its £300m factory nearing completion at Swindon, western England.

UK suppliers, including five Lucas Automotive *divisions* and Unipart subsidiaries, have gained the majority of the European supply contracts for the Synchro, which will have 60 per cent "local" (European) content at the start of production, rising to a scheduled 80 per cent by mid-1994.

Of the non-UK nominated suppliers, 19 are from France, including the Valeo group; 13 from Germany, four from Italy, two each from Spain, Belgium, Ireland, Austria and the US, and one each from Portugal, Denmark and Sweden.

UK airline cuts services

British Midland Airways, the UK's second largest scheduled airline, is abandoning domestic services in favour of international routes.

The carrier is to halt flights between London's Heathrow Airport and Liverpool at the end of March. It will use the freed landing "slots" at the London hub for services to Brussels.

Teachers vote against Tories

Teachers intend to vote overwhelmingly against the Conservatives in the coming election, according to a new opinion poll.

The poll, of 507 state sector teachers in England and Wales conducted earlier this month, shows 48 per cent proposing to vote Labour, 22 per cent Liberal Democrat and 17 per cent Conservative; 10 per cent did not know.

The poll, commissioned by the *NASUWT* teachers union, was conducted before the government announced a generous 7.5 per cent pay increase for teachers in state education next year.

Briefings on Ulster

The government has begun a series of briefings for Northern Ireland's political leaders intended to *fill the vacuum in* the province's politics until formal "round-table" negotiations can begin. Mr Brian Mawhinney, Northern Ireland minister, opened the first discussions in Belfast on economic and social issues following the government's decision to wind-up attempts to start political negotiations until after the general election.

Minister to stand down

Mr Alan Clark, the colourful and controversial defence procurement minister, has announced that he will be stepping down from the Commons at the coming general election.

His decision was revealed to his Tory constituency association at the weekend. When told that his agent had said he was leaving for "personal reasons". Mr Clark reacted with characteristic abruptness: "I never said that. 'Personal reasons' usually means there has been a scandal and I can assure you there is nothing of that."

Freeze sought on excise duty

The Scotch Whisky Association has called for a budget standstill *on* spirits excise duty after a 12 per cent decline in volume sales last year.

It has also appealed to the chancellor of the exchequer to use the Budget to move towards a system under which all drinks pay the same duty per degree of alcohol.

'Filthy fuel' to be burnt

Ten million tonnes of orimulsion, the bitumen-based fuel described as "front runner for the title of filthiest fuel in the world," could be burnt in Britain in three years' time, compared with 500,000 tonnes today. The announcement from BP Bitor, the sole supplier of the fuel in Europe, provoked fierce criticism from environmental groups.

Savings scheme for servicemen

The government is to subsidise a home savings scheme for armed forces personnel. The scheme, designed to provide *benefits similar to the tax* relief home-owners receive on mortgage interest, was announced by Mr Tom King, defence secretary, in a package of resettlement measures.

New safety measures urged for offshore rigs

By Lisa Wood, Labour Staff

A TOUGH new safety regime, which will take North Sea rig operators' costs of improving safety to more than £1.7bn, were recommended yesterday by the Health and Safety Commission (HSC).

The draft regulations flow from the inquiry by Lord Cullen, the senior Scottish law officer, into the 1988 Piper Alpha explosion and fire in which 167 workers died and which caused the industry to re-think its approach to safety.

The recommendations have been put out for consultation before being submitted to government. They are expected to *become law next year.*

Operators in the North Sea welcomed the consultative document but said they would question aspects of them including a regulation that could result in operators having to provide standard temporary safe refuges on unmanned installations.

Lord Cullen in his report recommended technological innovations to improve safety, such as the installation of emergency shutdown valves.

He also urged a revamp in the way safety was managed. Under the new draught regulations, which implement 30 of the 106 recommendations set by Lord Cullen, operators will have to submit a "safety case" for each installation by next year and it must be accepted by the HSC. Other Cullen recommendations will be incorporated in future HSC regulations.

The HSC estimates that the overall cost of modifying installation will be about £1.75bn, most of which has already been spent or committed by operators.

Labour seeks identity on debt and tax policy

By Ralph Atkins and Alison Smith

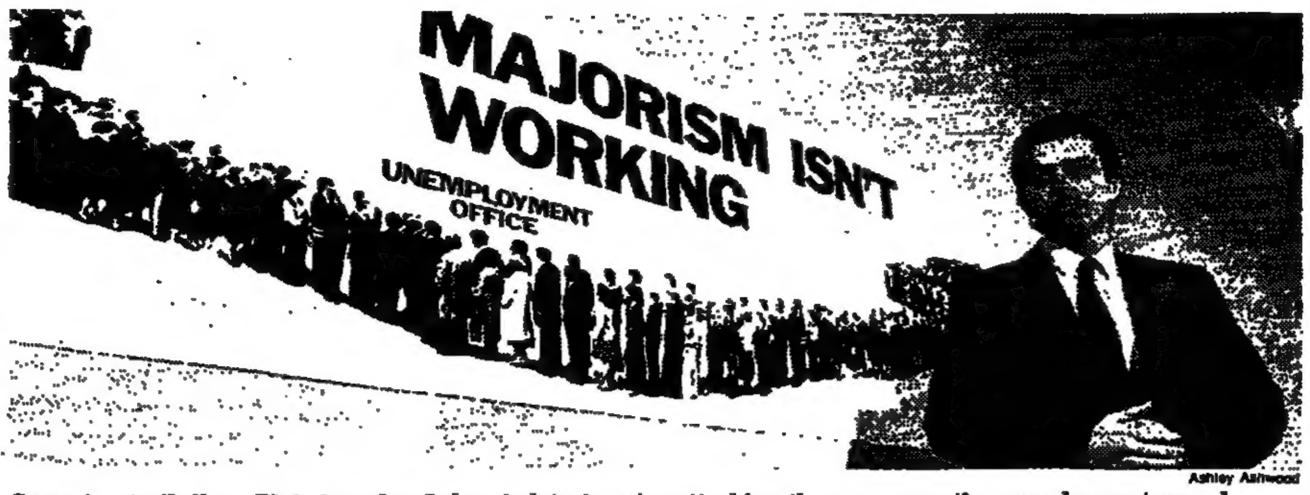
THE opposition Labour Party yesterday sought to distinguish further its economic policy from the Conservative's in the fierce pre-election campaign by saying any extra borrowing should be for investment, not *tax cuts.*

Mrs Margaret Beckett, 'shadow' chief secretary to the Treasury, said a Labour government would split Britain's national accounts into current and capital components - so it was clear how borrowings were being used.

Although Mrs Beckett did not say how borrowing would increase or fall under Labour, she said that to allow the Public Sector Borrowing Requirement as a share of gross domestic product to rise as high as 5 per cent, "would be very much pushing our luck".

She condemned as "extra-or*dinarily irresponsible*," the suggestions by some Tories that it would be prudent to increase the PSBR to pay for tax cuts in the Budget. Such a move would be "political chicanery of a high order".

Mrs Beckett warned that Tories may be "massaging expectations" about the Budget



Ashley Ashwood

Campaign trail: Tony Blair launches Labour's latest poster attacking the government's unemployment record

so that a PSBR forecast of below £30bn would be regarded *as cautious.*

Her comments reflect Labour's determination to at least match the Tories claims to financial caution and to respect rules on financial deficits agreed at Maastricht - while accepting higher borrowing is inevitable in a recession.

Mr Tony Blair, Labour's employment spokesman, *launched a further attack on* the government's unemployment record. Behind, a Labour adaption of the 1979 Conservative poster "Labour isn't working," read "Majorism isn't working."

Mr Blair said comparative figures showed that the south east of England had the fastest rising unemployment of any region of Europe and that the *UK had suffered "far and away* the sharpest fall" in employment of any EC country. A Labour study, based on job losses reported in newspapers, suggests UK job losses have exceeded 56,000 since the beginning of the year.

Downing Street, meanwhile, responded to Labour claims that Mr major had incorrectly said Britain had the fastest-*growing economy in Europe* between 1981 and 1991 by saying, the UK's growth rate had been higher than that of other "major" EC countries, except Spain. However smaller EC countries with a higher growth rate over the same period were Portugal, Ireland and Luxembourg, according to the OECD.

Lloyd's of London faces fresh dispute over losses

By Richard Lapper and David Owen

FRESH disagreement at Lloyd's of London, the international insurance market, looks set to surface today when a group of loss-making Names confront Mr David Coleridge, the chairman, over the handling of alleged malpractices.

The Names - individuals whose personal assets provide the insurance market's capital - are particularly concerned about the appointment of Sir David Walker, chairman of the Securities and Investment Board, the investment watchdog to oversee the investigation.

Some Names who will meet Mr Coleridge today plan to question Sir David's independence. Sir David is a member of the Lloyd's governing council.

"There is a suspicion he won't do anything to embarrass his friends in the club," Mr Alfred Doll-Steinberg chairman of the Gooda walker Names Action Group, said.

This fresh skirmish coincides with the gathering momentum behind the legal battle Lloyd's and some of those Names worst hit by the market's recent losses.

Lloyd's is now in open dispute with several hundred Names – who like Mr Doll-Steinberg are members of loss-making catastrophe reinsurance syndicates. This follows Lloyd's decision to defend a legal action being brought by Names against the agents who handle their affairs.

The Names are seeking injunctions to prevent Lloyd's from drawing down *deposits* that Names place with their agents when they join the market. They claim the cash calls are "improper".

The solicitors acting on behalf of Names, Michael Freeman & Co, now expect the total number of plaintiffs in the action to be over 600. Mr Michael Freeman said yesterday that *Lloyd's* decision to enter the proceedings "had caused a mass of writs from people who otherwise would never have been part of this action."

Mr Doll-Steinberg's remarks followed a meeting of MPs and Names convened at Westminster yesterday by Ms Marjorie Mowlam, Labour's City affairs spokeswoman, with the aim of keeping the pressure on Lloyd's and improving co-ordination between the various Lloyd's action groups.

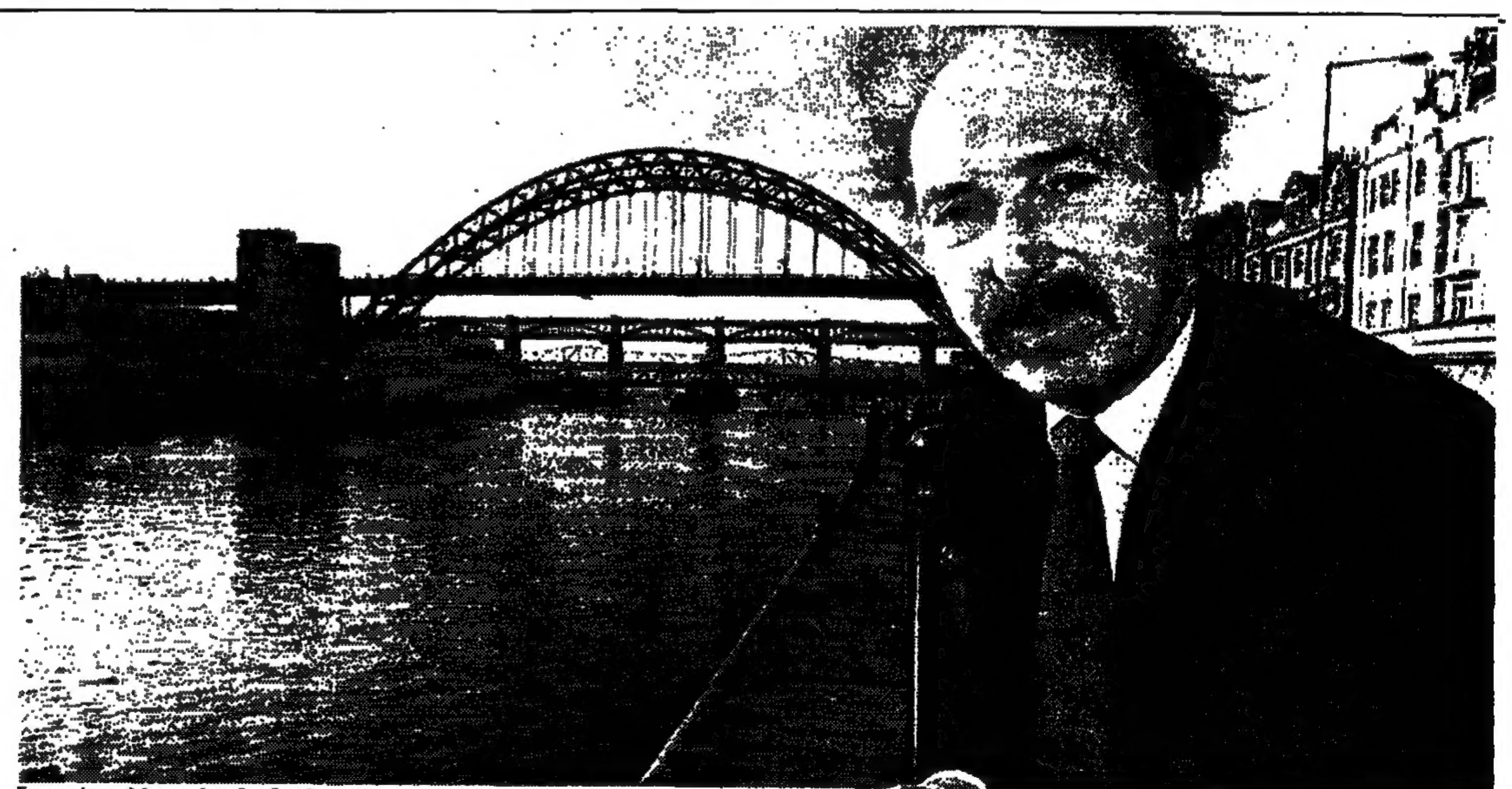
On Friday, the agents agreed to give temporary undertakings to freeze Names' deposits until the outcome of court hearings fixed for about 26 March is known. The Names provided cross undertakings which means that if their action ultimately fails they must compensate Lloyds for any financial loss suffered. Lloyd's warned yesterday that these amounts could be substantial.

The mood of Britain

Newcastle

Yesterday **Michael Cassell** began his journey across the UK to test the mood of the British as they approach a crucial general election. Prime Minister John Major must 'go to the country' before July 9. Opinion polls show that the electorate is still undecided. The final decision may lie in the voters' perception of what 13 years of Tory rule has done for Britain. Today the path leads to north-east England: torn by recent riots but deeply proud of a new partnership between industry, unions and local government

Where a river runs between hope and despair



In partnership: union leader Joe Mills, a member of the development corporation, admits Mrs Thatcher forced the north east to fight for its future

THE street names conjure up images of suburban, south-east gentility, typical of the English "home counties" around London. But Dorking, Didcot and Tonbridge Avenues represent the worst kind of neighbourhood nightmare in north east Britain.

Barrack-style council homes, some boarded up and others burned-out, line the roads at the heart of North Tyneside's Meadow Well estate. Riots here last autumn brought public pandemonium and brief, unwelcome notoriety.

"Nothing's changed round here. Nothing likely to", muses Pat Moore, who cruises the area in a battered, flat-bed truck touting for scrap.

He laughs through tombstone-sized teeth at a torrent of anglo-saxon abuse, launched from an upstairs window, accusing him of taking anything that is not bolted down. On Tyneside, even sets of temporary traffic lights go missing, kidnapped for use in Do-It-Yourself discos.

Moore considers himself lucky not to live on Meadow Well and hails from nearby Wallsend, where they launched the Mauretania, the ocean-going liner bathed in a luxury unimaginable to its builders. Now, the town is famed as the birthplace of Sting, the pop singer with an inspirational rags to riches life story; he now prefers London's leafy Highgate suburb.

Many might suppose that the "rags to riches" order has been reversed in north-east England, once dubbed the cradle of "carboniferous capitalism" but more recently regarded as a state-dependent province populated by Mrs Thatcher's "moaning minnie" critics.

Though not at all representative of a region struggling to break free from its past, Meadow Well - christened by some hopeful soul unburdened by a sense of irony - reeks of despair and decay.

Only the foolhardy would inquire hereabouts as to the benefits recent years have brought. On Meadow Well, where nearly every home needs jobs, the only benefits come in a book stamped Department of Social Security. The welfare state, still receiving the same share of national income as it did ten years ago, is thriving here.

At the other end of Newcastle lies further deprivation. In the City's West End, tyre tracks burned into the road trace the exploits of daredevil delinquents. Nearly a quarter of children live with one parent and a similar proportion daily plays truant from school; half of all those under 24 are out of work.

With his wife the only breadwinner, Rakesh Chopra watches over the washing and two noisy children in Westgate Hill launderette: "I worked very hard but the factory moved away. They said I could go but there was not a home, so we have to stay."

Things look brighter just across the Tyne, in Gateshead. J B Priestley remarked that if anyone ever made money in Gateshead they had been careful not to spend it there. Now, however, there is the Metro-Centre, a vast shopping shrine which has become a cliché for Geordie self-confidence, luring airborne bargain-hunters from as far as Oslo and Rekjavik.

But despite the deep and continuing antipathy in the region towards Mrs Thatcher's values, the former prime minister made her mark. The north-east was, reluctantly perhaps, gradually remoulded during her years in power. "She came up here and made it clear we'd get 'owt for nowt. She said she owed us nothing and *if we wanted things to* improve we'd have to damn well fight for it," recalls Joe Mills, regional secretary of the Transport and General Workers' Union and a board member of the Tyne and Wear Urban Development Corporation.

He claims the fight was well underway before Mrs Thatcher's handbag swung into town but he acknowledges the region was stung into renewed action by her attitude: "She forced all the tribes together."

Mills's present, dual role neatly reflects the progress which has been made to unite parties which traditionally stood on opposite sides of almost any argument.

Critics of the new partnership, forged out of necessity but set to endure, are angered by a perceived betrayal of old allegiances. Promotional slogans like "the great north", aimed at the rising number of inward investors, often elicit sneering cynicism.

Most people, however, readily welcome increasing local co-operation between industry, councils and the regeneration agencies in an effort to replace the shipyards, coal mines and heavy engineering factories with the keystones of a modern economy.

"There has been an incredible change in attitudes in the last ten years. The begging bowl approach has gone," according to John Ward, regional director of Barclays Bank.

"There is real partnership now, with business talking to Labour-controlled councils displaying a refreshing pragmatism. Everyone is pulling in the same direction and the enterprise culture has rubbed off."

Prof Peter Taylor of Newcastle University reckons most people in the north east spent half the 1980s believing Thatcherism was inherently evil and would just go away.

"Everyone waited for Labour to come back and put things right with large-scale, state solutions. But the agenda has changed and now they are trying to get things done for themselves." He emphasises, quite unnecessarily, that the north-east is not, however, about to go Tory.

John Tomaney, from the city's centre for urban and regional development studies, sees a waning solidarity within the working class between those in employment and those without jobs.

For some, new opportunities arose out of misfortune. In Consett, where the clinging, red dust from the steel works finally lifted to reveal a new generation of biotechnology companies, plastics manufacturers and food processing specialists; for special steels now read tortilla chips.

Victims of some closures have tried *to make it* on their own, using redundancy cash and enterprise allowance funds to run fish and chip shops or sub-post offices. For some the gamble was regarded more as a last resort than a confident, new beginning; a Teesside Polytechnic survey shows there *is little* "hi-tech" or manufacturing involved and many would-be entrepreneurs quickly fail.

Not all, however. Six years ago, a redundant Robin Egdell set up a small laundry service supplying companies around Durham. He has no regrets: "I'm not *much* better off and work twice as hard but I love being my own boss."

Egdell says he used to vote Labour but now they are "too quick to give with one hand and take back with the other. They talk as though reasonable people won't mind paying a bit more tax. I'm sorry but I want to pay less".

Edgell would like to have a crack next at supplying the new industrial giants like Nissan at Washington. At the gates of the car manufacturing fortress, workers decline to talk about employers with alien names and attitudes: "Can't slag them off any more. They take it too personally."

Further south, away from the land of the rising sun and the single union deal, lies Sacriston, a dismal, hilltop village where coal mining started in 1350 and ended in 1985. An old pit wheel stands in the town centre as a reminder of things past. Ian Tressler, a young storeman who wants to live in London, says Japanese employers would be very welcome locally: "We'll get karaoke down the pub and make them feel at home. If they bring jobs with them, they'll never have to buy their own pint".

Tomorrow Mike Cassell moves down Lincolnshire

MANAGEMENT: The Growing Business

In a Nutshell

Japanese come up to standard

Japanese companies with operations in the UK have proved reluctant to set much store by BS5750, the most popular quality assurance standard in Britain, preferring to apply their own already highly polished quality systems both to themselves and to their suppliers.

In what is believed to be the first indication of a change in Japanese attitudes Toshiba Information Systems (UK) is urging its copier dealer network to adopt BS5750.

Toshiba has announced a £250,000 programme and the help of its own quality assurance scheme for all of its "major account dealers" and many of its "authorised dealers".

Holding banks to account

The key issues facing the banks in their treatment of their small business customers is the subject of a three-day international seminar to be held in Newcastle, Northern Ireland on June 24-26.

The seminar is open to bankers, financiers and small business advisers and policy makers.

Contact Ken O'Neill, Northern Ireland Small Business Institute, Ulster Business School, University of Ulster at Jordanstown, Newtownabby, Co. Antrim, Northern Ireland, BT37 0QB.

Measuring up to the single market

Some small businesses have proved reluctant to use the self-audit packs which are available to test their readiness for the single European market. Birmingham City College's Euro Unit has responded with a European Audit Pack, which enables a consultant to measure the extent to which a company complies with directives.

Contact Barry Coleman, Matthew Boulton College, Sherlock Street, Birmingham B5 7DB. Tel. 021 446 4545.

Throwing the book at directors

Sarah Hegarty explains why failure to file accounts can lead to a criminal conviction

In 1987, when Judy Dean and her husband Peter set up a company and made Judy a director, they had no idea that four years later she would end up with a criminal record.

Yet last December, Judy Dean (not her real name) was convicted under the Companies Act of failing to file annual returns or accounts on time.

In an average month, Companies House prosecutes about 160 company directors. In 1991 alone, 3,356 directors of 2,208 companies were prosecuted for failing to file annual returns and 1,864 directors from 1,284 companies were prosecuted for failing to file annual accounts. If convicted, they get a criminal record.

The duty to submit "certain basic information about a company's structure and finances" is the quid pro quo for being able to incorporate a limited company and is the personal responsibility of the company's directors. Private limited companies have to submit the information within 10 months of the end of the financial year; plcs have seven months in which to do it.

But it is not the personal responsibility which worries owners of small businesses and those, like Dean, who fall foul of the system. They are concerned that the government appears determined to make their mistakes a criminal offence.

"There seems to be a move among civil servants to criminalise these offences," says Stephen Alambritis of the Federation of Small Businesses, which has published a report* on the penalties facing company directors. "Everyone recognises that fraud is wrong, but even negligent, honest mistakes are now seen as serious misdeeds."

Alambritis says the FSB has been warning its members for some time that Companies House was taking a tougher stance towards people who file accounts late. "Companies House is no longer the lax organisation it was in the 1970s. It's now a government agency and is computerised and very aggressive."

Dean was well aware of her responsibilities as a company director, but says that in her case, the company for which she was fined did not even trade for a full year.

It was set up to enable her to work flexible hours so she could also care for her sick husband. But as he became seriously ill, she was forced to give up work to look after him.

But as he started to recover, Dean found a full-time job in July 1988 . She thought no more about the now-defunct company until she received a black bill, followed by a red one, for £1,000, for failing to file her annual return and accounts.

She admits that, preoccupied with her husband, working full-time and running a home, she did not get round to sorting out the bill. She says she telephoned Companies House to explain her circumstances and was told this would be taken into consideration.

Dean maintains she did not know her case was to be heard by Cardiff magistrates last December, or that she could have attended to give her side of the story.

Officials at Companies House are convinced that late filers receive enough warning. "We write to them before the accounts are due, reminding them, and then after that, we have a set procedure. I can't reveal it because it's like paying your gas bill. If you thought you could get away with it until the last minute you would," said one official. Prosecution was "a last resort".

At present, convicted directors can be fined up to £2,000 for each late document, but a new scale of penalties is being introduced. From July 1, directors filing late accounts will receive an automatic fine of up to £5,000 for a public company and £1,000 for a private company. They will also get a criminal record if convicted.

Says Stephen Alambritis: "There's a balance to be struck between encouraging good commercial activity and clamping down on fraudsters. Companies House seems to be sending out a wide net that catches a number of people, but discourages some from trading altogether."

* *The penalties of being in business, published December 1990 by FSB.*

How to find a PC when you want one

Paul Taylor cuts through the jargon and offers advice on buying a personal computer

It is more than a decade since the first IBM PCs appeared on desktops, but according to recent surveys, many businessmen and women are still uncomfortable with PC technology...

Help is usually at hand in a large organisation, either from the whiz-kids in the information department – assuming they can be torn away from *the latest technical journal* – or from less intimidated colleagues.

But the small business computer user, or potential user, must seek other solutions.

The first issues to confront the uninitiated are often the basic questions – do I need a computer and what can it do for me?

Most computer advertisers and salesmen would like potential customers to believe that life without a PC is barely worth living and that a PC on the end of a desk can do just about everything.

In reality many basic office functions, such as keeping a diary or simple bookkeeping, are more easily and efficiently achieved with paper, pen and calculator.

Basic data, like sales figures or customer addresses, do not miraculously appear in a computer's electronic brain.

They have to be put there, usually via the keyboard.

What computers, or rather the software programs that run on them, are particularly *good at, is organising and* manipulating information, and performing complex or repetitive tasks or calculations.

Examples include combining a mailing list of customers compiled on a database program and a letter written on a word-processing program to send out details of a special offer.

They are also good at examining what happens to profits if suppliers increase prices; or calculating tax, national insurance contributions and pay for employees each week, using a spreadsheet programme.

By far the most common use of PCs is for accounting. A recent survey found that more than half the small companies with a computer had bought it for this purpose.

The other main use is as a word-processor, although this may mean that the machine ends up being little more than a glorified typewriter.

But if you still think you need a computer, the next question is which one? A quick glance through any of the dozen-plus computer magazines on sale in local newsagents is enough to deter all but the most determined.

Similarly a visit to a High Street electrical shop will probably only confuse – most of the machines likely to be on display are underpowered and overpriced – and the shop assistant is most unlikely to be of any help. There are, however, other ways to go about buying a computer.

Specialist computer stores are sometimes willing to provide advice, unless they are of the pile-them-high-sell-them-fast variety.

However, many potential customers also find computer stores intimidating – after all, who wants to show off their ignorance to a youth half their age?

For those with lots of money to spend, there are computer consultants who will advise on purchase, find and set up the equipment, load the software and teach the customer how to use the new toy.

But such advice does not come cheap. A morning's training on a new accounting package, for example, can cost several hundred pounds.

The only real alternative is often self-help, which need not be terrifying. In many of the computer magazines there are sections designed specifically for the novice.

For example, What Micro magazine has a section called *"How to buy"* while *Computer* Shopper has a buyer's glossary and a section dealing with buying equipment each month. This has also been put together in a useful £2.95 book called PC Buying Questions.

Other books for learners include the PC Novice's Handbook – which includes jargon-busting sections on hardware and software and a chapter on shopping – the PC Crash Course and Survival Guide, and What to do when a MICRO lands on your desk.

The standard advice on buying a computer used to be to decide on the software first. This is less important these days because the IBM-compatible standard is nearly all-pervasive – the honourable exception being the user-friendly Apple Macintosh computer family.

Most PC's have become interchangeable machines which will run most of the serious business software – and the growing number of PC games too.

However it is important to remember that the new software packages require some pretty heavy duty hardware.

Thus a basic business machine today would be an IBM-compatible based on Intel's 80386 processor chip with at least 2-Megabytes of *Ram (random access memory)*, a 40Mb hard disk, a VGA colour screen, mouse pointing device and Windows, Microsoft's hugely successful operating environment which has sold 9m copies worldwide.

Such a machine has more power than most traditional mainframe computers.

But fortunately computer prices are continuing to tumble.

For example, Dell which pioneered direct sales in the UK, sells its 325P machine with colour monitor and a 50Mb hard disk for £1,149 (excluding VAT).

These days the direct sales channel is well established and most direct sale computer manufactures provide an on-site maintenance contract for a reasonable fee and lifetime telephone support – for all those problems, large and small, that the manual does not answer.

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- **22 - 23 Great Poulteney Street, London W1, 6,000 sq ft office building.**

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For further information please contact David Warner or Ian Carrothers at Cork Gully, 43 Temple Row, Birmingham, B2 5JT. Telephone: 021 236 9966. Fax: 021 200 4040. Contact can also be made at the company. Telephone: 021 643 3699. Fax: 021 643 3699

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- **P.I.M. BOARD CO LTD: Sunbury On Thames**
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- **SUNDEALA BOARD CO LTD: Sunbury on Thames**
  Manufacturer of medium density board for notice boards and use in the construction industry. Annual Turnover to June 1991 £6.7m. National Customer Base. Sundeala Brand Name. Specialised Plant and Machinery. Main occupant of Sunbury Freehold.
- **VESTOS (UK) LTD: Sunbury on Thames**
  Treatment of board to produce a fire resistant product. Annual Turnover to June 1991 £420k. Established Customer Base. Vestos Brand Name. Specialised Plant and Machinery. BS 5750 Part 1.
- **PERFORATIONS (SUNBURY) LTD: Sunbury on Thames**
  Distribution and sale of notice boards and ancillary products. Annual Turnover to June 1991 £163k. National Customer Base. Leasehold premises next to Freehold.
- **SUNDEALA CEILINGS LTD: Sunbury on Thames**
  Contracting including ceilings, partitions and wall lining. Annual Turnover to June 1991 £173k. National Customer Base. Leasehold premises next to Freehold.
- **SOUND MASKING LTD: Sunbury on Thames**
  Specialist acoustic treatment services by electronic and physical barriers. Annual Turnover to June 1991 £526k. National Customer Base. SoundSorba Brand name. Leasehold premises next to Freehold.
- **FULL SPECTRUM LIGHTING LTD: Sunbury on Thames**
  Specialist Lighting services for commercial and medical purposes. Annual Turnover to June 1991 £161k. National Customer Base. UK distributor for TRUE-LITE products. Widely prescribed to assist sufferers of SAD (Seasonal Affective Disorder). Modern leasehold premises. Skilled workforce. Plant and machinery.
- **PRESSBOARD LTD: Stroud, Gloucestershire**
  Manufacturer of pressed hardboard components for the motor and shoe industry. Manufacturer of storage boxes and systems. Annual Turnover to June 1991 £6.3m. Customers include UK motor manufacturers and component suppliers. Intastore Brand name. BS 5750 Part 2. Modern leasehold premises. Skilled workforce. Plant and Machinery.

For further information please contact the Joint Administrative Receivers:
Martin Lloyd or Ron S Harding, Pannell Kerr Forster & Partners
Regent House, Clinton Avenue, Nottingham NG5 1AZ.
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Principal features of the business include:

- Turnover of £1.5m p.a.
- 30 staff
- Trading from four leasehold premises in the West End and the City
- Commercial Lithographic printing and large format photocopying services

For further information please contact J.C.M. Bishop of Cork Gully, Shelly House, 3 Noble Street, London EC2V 7DQ. Telephone: 071 606 7700. Fax: 071 606 9887.

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For further details please contact Cedric Clapp at Ernst & Young, One Bridewell Street, Bristol BS1 2AA. Telephone: 0272 290808. Facsimile: 0272 260162.

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- Group turnover approximately £40 million pa, split:

James Keiller, Dundee	£17 million
Angus, Dundee	£ 2 million
Glenrothes	£ 5 million
Alma, Kirkcaldy	£ 4 million
Somportex Viceroy, Birmingham	£ 5 million
Factored goods	£ 7 million

- Freehold and leasehold properties, plant, machinery and stock.
- Manufacturing in Dundee, Glenrothes and Kirkcaldy.
- Well-known brands including: Barker & Dobson, Keiller, Bensons, Milady, Victory V, Alma, Chix, Squirrel, Hacks, Almallo.
- Manufacturing licences and overseas royalty income.
- Established customer base including prominent retail groups.
- Approximately 750 employees including experienced management team.

For further information contact the Joint Receiver, Rod Owen, KPMG Peat Marwick, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG. Tel: (031) 222 2000. Fax: (031) 222 2020.

KPMG Corporate Recovery

Stockspring Limited
(In Receivership)

The joint administrative receivers, Scott Barnes and Maurice Withall, offer for sale the business and assets of the following trading subsidiary companies.

Charles Barr Furniture Ltd.
Sandy and Wroxham

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- Order book c£450,000
- Skilled workforce
- Large customer base

Charles Barr Furniture Ltd.
Bradford

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- Skilled workforce
- Annual turnover c£1.7m

Borofloors Ltd.
(t/a Ham DIY)
Leasehold DIY shop in Richmond, Surrey

- Annual turnover c£140,000

F Harris (Carpet Planners) Ltd.
(t/a The Original Lusty Lloyd Loom Company)

Specialist import business based in Chipping Camden, Gloucestershire, dealing in woven fibre furniture.

For further details contact the Joint Administrative Receiver, Scott Barnes, Grant Thornton, Melton Street, Euston Square, London NW1 2EP.
Tel: 071 383 5100 Fax: 071 383 4077.
For interest in the Bradford division only, please contact Adrian Storrie on tel. 0274 734341.

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For further information contact The Joint Interim Liquidator, Myles Halley, KPMG Peat Marwick, Peat House, 1 Waterloo Way, Leicester LE1 6LP. Tel: 0533 471122. Fax: 0533 547626.

KPMG Corporate Recovery

Trout Farm The Midland Fishery

Nailsworth, Gloucestershire

The Joint Administrative Receivers offer for sale the Midland Fishery, which is a very long established fish farm specialising in supplying both brown and rainbow trout for re-stocking to angling clubs and water authorities.

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- Fish stocks
- 2 service cottages
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For further information contact the Joint Administrative Receiver, John Wheatley, KPMG Peat Marwick, Peat House, Lansdown Road, Cheltenham, Gloucestershire GL50 2JA. Tel: 0242 222020. Fax: 0242 221970.

KPMG Corporate Recovery

Speedball Indoor Cricket Limited
(In Administration)
Bradford, West Yorkshire

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  - specialist indoor sports hall (approx 15,000 sq ft)
  - ancillary area (approx 5,000 sq ft) including two bar areas
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For further details please contact the Joint Administrator: Peter S Flesher, Grant Thornton, Eldon Lodge, Eldon Place, Bradford BD1 3AP.
Tel: 0274 734341
Fax: 0274 390177

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For further information contact the Joint Adminstrative Receiver. Alastair Jones, KPMG Peat Marwick, 2 Cornwall Street, Birmingham B3 2DL. Tel: 021 233 1666. Fax: 021 233 4390.

KPMG Corporate Recovery

Maidstone Borough Transport (Holdings) Limited

Boro'line

The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of Maidstone Borough Transport (Holdings) Ltd. which operates stage carriage and passenger vehicle hire services from its depot in central Maidstone.

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For further information contact the Joint Administrative Receivers, Tim Hayward or Peter Beirne, KPMG Peat Marwick, Astral Towers, County Oak Business Centre, Betts Way, Gatwick, West Sussex RH10 2XA. Tel: (0293) 652000. Fax: (0293) 652100

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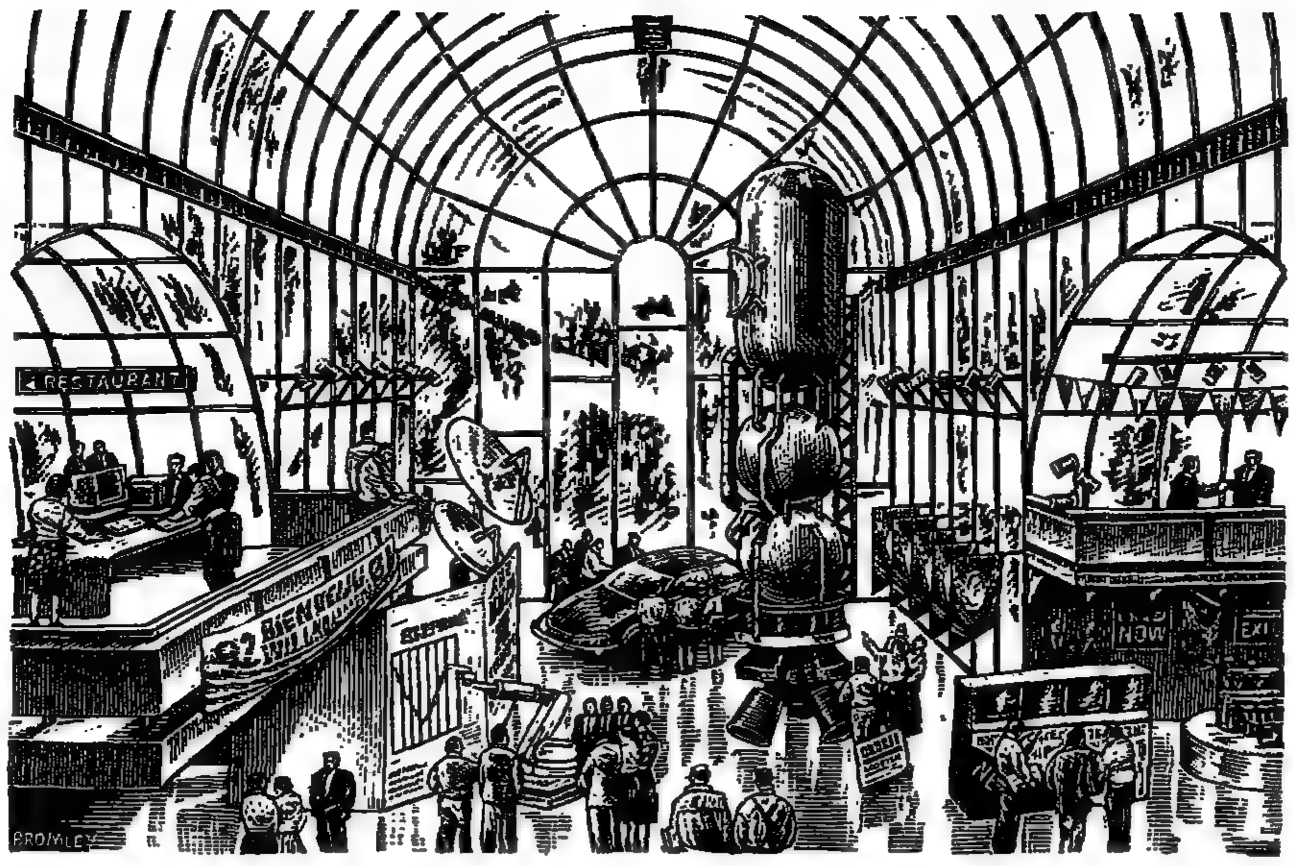
CONFERENCES AND EXHIBITIONS

Tuesday February 25 1992

The international conference and exhibition industry has had a tough year as a result of the Gulf War and recession. But the signs are that the market is picking up in the US and UK, with trade shows still going strong. David Churchill looks at prospects for the coming year

Long haul to recovery



THE CONFERENCE and exhibitions industry, after what has probably been its worst-ever year, still faces a far from rosy 1992. Visitors to International Confex, the main trade show for the conference and exhibitions business which opens at London's Earls Court today, will know only too well how far the recession has forced companies to cut back on this sector of marketing communications.

A survey, published today, of conference organisers in over 200 of Britain's largest companies indicates a worsening of demand this year, with fewer events. Those that are held are likely to involve fewer delegates than usual.

The survey, carried out by the Meetings Industry Association and London's government-owned Queen Elizabeth II conference centre, found that 40 per cent of corporate organisers of meetings expected to hold fewer events this year, with only 36 per cent expecting to hold more. The rest thought the level of activity would be the same.

But seven out of every 10 companies polled also believed that conferences would be shorter this year, while virtually all agreed that competition among conference venues would be fierce.

Ms Deborah Carlton, managing director of Blenheim Events, which is organising the Confex trade show, says that the "feedback we have had seems that while there may be light at the end of the tunnel, we still have a difficult year ahead."

This view is shared by others in the conference sector. "While conference and incentive travel is a valid marketing tool for many companies, it has been an area of significant cutback in 1991 and there is no sign of an expenditure uplift in 1992," says Mr David Hackett, managing director of conference organiser the Travel Organisation.

But the exhibitions side of the sector seems to have been less hard hit. "People are using exhibitions in a more determined way to find out the best deals on offer in the most cost-effective way," suggests Mr John Glandfield, a director of the Earls Court and Olympia complex.

Mr Neville Buch, chairman of the publicly-quoted Blenheim Group, the largest UK exhibitions organiser, reports that the median attendance at its UK exhibitions last year was 20 per cent higher than for the same events in 1990.

"We feel that the brand leaders in particular markets which use our exhibitions are not only slow to feel the effect of the recession but also seem to be fairly fast in responding to the beginning of its end," he says.

Yet in both the conference and exhibitions businesses, international activity is the key to the sector's recovery. "There is considerable strength of demand from overseas clients, particularly multinational companies," says Mr Paul Swan, managing director of conference production company Spectrum Communications.

Ms Carlton of Confex points out that there is an increased international presence at this year's London trade show. "This indicates how aggressively European and long-haul destinations are marketing themselves to UK buyers," she says.

International affairs are also benefiting some niche sectors of the industry. Mr Neil Thomas, managing director of Hawskmere Conferences, says that "the degree of legislation coming out of Brussels means that there is considerable interest in the sort of specialist tax and financial conferences we mount."

The true state of the conference and exhibitions business, however, is shrouded by its fragmentation. The meetings business ranges from small internal management and training conferences held within companies to those held at specialist venues or in hotels.

Corporately-run conferences can be used to communicate to target groups: such as a new product launch or investor presentation. The conference business also encompasses the large-scale trade association meetings and government-inspired conferences. An important part of the business is travel, with conferences often used as a thinly-veiled cover for an incentive trip to motivate staff or reward distributors.

Exhibitions also are fragmented, with the main ones held in major venues such as Earls Court or Birmingham's National Exhibition Centre, but with many smaller ones held in hotels and as part of conference venues.

Estimates of the size of the industry vary, but the most recent value placed on UK conference activity is some £6bn a year, calculated by management consultants Coopers & Lybrand Deloitte. That suggests the sector is several times larger than previously thought, mainly due to taking into account small meetings held in hotels and other venues.

The latest figures on spending on exhibitions, calculated by the Incorporated Society of British Advertisers, suggest that the recession was already being felt in 1990; some £761m was spent by British companies – a decline of 9 per cent over 1989 and the first time in two decades that exhibition expenditure had fallen. But spending by international companies on UK exhibitions rose from £240m to £252m.

International conference and exhibition delegates are a key engine of growth for the industry, according to the British Tourist Authority. "The actual expenditure by conference visitors is only the tip of the iceberg," says Mr Peter Glover, head of the BTA's business travel department. "The income to Britain also includes pre- and post-convention tours and visits, as well as spending by accompanying visitors during the conference itself."

BTA figures show that in 1990 (figures for 1991 are not yet available) the number of international conference visitors to Britain topped 300,000 for the first time. Moreover, average spending by conference visitors at £600 was higher than that by the average visitor (£428) and the average business visitor (£488).

The growth of international conference and exhibition activity has spurred UK venues to upgrade or develop their facilities. Birmingham has put itself firmly on the international conference scene with its new International Conference Centre, opened by the Queen last year.

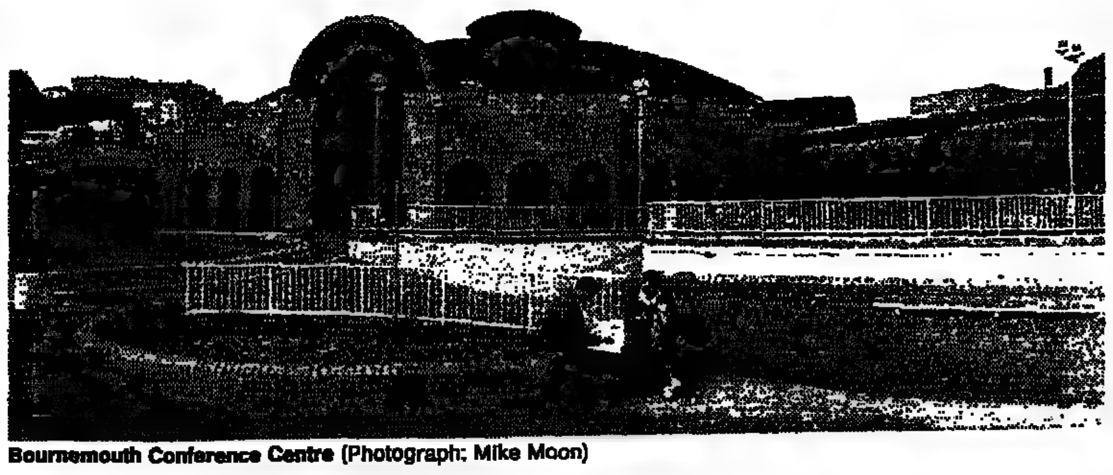
The Earls Court and Olympia complex in London, the UK's most popular venues, is now concentrating on improving its infrastructure (better access roads and an improved tube service from Earls Court to Olympia) over the next five years rather than adding new space.

But the UK industry faces considerable competition for the large-scale meetings, not only from established continental venues (and newer facilities such as that offered by Euro Disney) but also from further afield. Hong Kong, which two years ago opened its new convention centre, will this summer play host to its largest-ever conference – some 25,000 members of the Lions Club International.

Much of the growth in the industry, however, is expected to come in the 1990s from small-scale meetings of up to 100 participants. It is these groups which the leading international hotel chains such as Forte, Hilton, and Inter-Continental are targeting with special conference packages aimed at offering a better service for conference groups than hotels have traditionally provided.

The long-term threat to the growth of international conferences, however, remains the increasingly sophisticated tele and video conference technology. The restrictions on international travel during the Gulf War gave a substantial boost to this style of communication. However, few within the industry are seriously worried: face-to-face meetings at conferences or exhibitions give most executives benefits that they will not want to give up lightly.

IN THIS SURVEY


Bournemouth Conference Centre (Photograph: Mike Moon)

CONFERENCES

A self-financing trend

WHEN ELECTRONICS giants Philips, Sony and Matsushita wanted to increase awareness among both hardware manufacturers and software developers about interactive compact discs, they decided collectively to sponsor a conference for the trade to tell all of them about this new consumer product.

But, unusually in an industry where corporate hospitality is the name of the game, trade delegates were not given free access by the sponsors. Instead, they had to pay £395, plus value added tax, to attend the conference and associated exhibition.

"We felt that people who were likely to come to the conference expected to get a lot out of it in such a new and exciting area and so were willing to pay," explains Ms Vanessa Cotton, managing director of the Event Organisation, which put together this and similar conferences.

'They have to be firmly targeted at specific groups if they are to prove successful'

"Also, our experience has shown that people tend to value more highly events for which they have to pay and so are more likely to turn up," she says.

The conference, first held in the Royal Lancaster hotel in London two years ago and repeated last year, will this year move to the larger facilities available at the Queen Elizabeth II conference centre.

The conferences have achieved the sponsors' aims of involving current and potential software developers in the new product and demonstrating that the interactive compact discs work on a single worldwide technical standard. "This has meant that the target audience has focused on the product and not on the companies," adds Ms Cotton.

The use of a self-financing conference to help reach target audiences by the electronics manufacturers shows that conferences are being regarded as an important part of the marketing mix, even in a recession.

Such large-scale corporate conferences are the new focus of the conventions business. "They have to be firmly targeted at specific groups if they are to prove successful," says Mr Neil Thomas, managing director of Hawksmere Conferences, a London-based organisation. "For example, we specialise in a lot of the information type of events dealing with new EC legislation and tax issues which people need to know about," he adds.

Mr Paul Swann, managing director of conference production company Spectrum Communications, agrees. "Companies are giving more emphasis to setting clear objectives for both individual events and further long-term communication programmes," he says. "Moreover, there is an increasing practice of measuring results against those objectives, sometimes taking advantage of independent market research among participants before and after the event."

Yet in spite of the popularity of high-profile corporate conferences, the bulk of the market still consists of relatively small meetings. A survey of over 1,000 companies and conference organisers, carried out by the publishers of the Conference Green and Blue Book guides to conference venues, found that more than two-thirds of all conferences are for between only 11 and 100 participants. Only one in every 10 of the conferences it surveyed were for more than 200 delegates.

Another survey, carried out by management consultants Coopers & Lybrand Deloitte, found that the three main purposes of most UK conferences were for training, small executive meetings and general management get-togethers.

Yet in the international conference market, the three key types of conferences were: incentive meetings, trade fairs and product launches and large international conventions.

The consultants' survey pointed out, however, that "production companies consider the number of suitable venues in the UK as very limited and most are already booked ahead, with the result that many launches probably go abroad."

In the UK market, the impact of the recession has been most felt in the length of conferences held and the number of delegates attending. Mr Sean Bodkin, sales and marketing manager at the QE II centre, says that "some which were traditionally spread over three days are now reduced to a single day."

Mr Swann from Spectrum says that "while a greater diversity of employees, customers and dealers are participating in conferences, the numbers attending individual events are smaller as organisers take more care to ensure that only those for whom they are relevant are invited."

The consultants' survey, which covered nearly 500 conference organisers and venues, also found, not surprisingly, that there had been "a significant increase in the cost-consciousness of delegates."

Choosing a conference venue is based less on price, according to the Green and Blue Book survey, than on the right room capacity, geographical location and ease of access. Research carried out by the QE II centre found that catering was also ranked highly when conference facilities were chosen. "We have therefore put a lot into raising catering standards, working closely with our caterers, Leith's," says Mr Bodkin. The trend, he reports, is for less alcoholic drink to be consumed at lunches, partly as a result of the recession but also due to growing health consciousness among delegates.

A more cogent trend than the amount of drink consumed is the growing sophistication of audio-visual and video equipment and presentations at conferences. Although the slide as a means of visual presentation still dominates, it is now definitely in decline. Better computer graphics, video production and video projection equipment have led to significant improvements in the quality of videos shown at conferences.

The major development in this area is high definition television, which gives a quality and picture size closer to conventional films than normal video. At present, however, there is no system firmly established as the industry standard, which makes it very expensive to use in conferences: equipment and production costs are running at about twice those of conventional broadcast quality television.

High definition television gives quality and picture size closer to conventional films than normal video

David Churchill

EXHIBITIONS

Statistics prove a point

HOW EFFECTIVE are exhibitions? The industry is well aware that this key question has worried many users of its services over the past decade: they think exhibitions work but are a little unsure just why and how.

Hence, recent research carried out by Taylor Nelson Business Services for the Exhibition Marketing Group provides some of the much-needed statistical research into the industry's effectiveness.

Some 1,400 respondents across 13 industrial sectors were interviewed as part of the research, and the exhibitions business fared well in comparison with other forms of media.

The main reason for attending was keeping abreast of technology

While the trade press was seen as the best medium for a new product launch – cited by 33 per cent of the sample – trade exhibitions came next with 24 per cent, well ahead of direct mail (8 per cent), newspapers and public relations (7 per cent each).

But as the most effective medium for quality sales leads, trade exhibitions came top – with 24 per cent – followed by the trade press (23 per cent), sales reps (14 per cent) and direct mail (12 per cent).

And as the best medium for corporate image and public relations purposes, exhibitions trailed only the trade press by 24 per cent to 28 per cent. Public relations itself came third with 11 per cent of the sample citing it.

The survey came up with some interesting other information about why visitors attend exhibitions. Keeping abreast of technology was cited as the main reason, followed by just "seeing what's new". But what exhibition visitors want to see, the survey shows, is more staff on stands who are technically minded and knowledgeable about the product; order takers and sales reps were not particularly sought after, although their role was acknowledged.


The new Conservatory Restaurant at Olympia 2

Mr Phil Soar, chief executive of the publicly-quoted Blenheim Exhibitions Group, believes that exhibitions must sell themselves by being different from other media, not by competing with them.

"The world will move to more and more narrowcast forms of media," he forecasts. "Exhibitions are the perfect narrowcast medium – they can and do attract very specific, highly motivated and interested audiences."

The Exhibition Industries Federation (EIF) has also taken concern about the effectiveness of exhibitions to heart and has commissioned research studies into their benefit to exhibitors and visitors alike.

It says that, based on its surveys, the average number of sales leads generated by exhibitors was almost 300 per exhibitor, with nearly three-quarters of these new leads. Exhibitors expected that more than a quarter of their leads would be converted into sales.

More ambitious effectiveness studies are now being carried out by the EIF. Such efforts are clearly needed as the latest figures from the Incorporated Society of British Advertisers (ISBA) show that, even before the full impact of the recession was felt last year, spending on trade, technical and consumer exhibitions was down for the first time in two decades.

ISBA's survey of advertising expenditure in 1990 found that while total advertising spending rose from £9bn in 1989 to £9.211bn in 1991, that on exhibitions fell 9 per cent from £803m to £761m.

This survey measures only exhibition spending by British companies and so underestimates the total size of the sector. The Exhibition Industry Federation, for example, says that its figures for 1990 suggest that £901m was spent by UK and overseas exhibitors, a rise of 13 per cent on 1989.

The ISBA survey shows that spending on trade, technical and consumer exhibitions in 1990 totalled £594m, a decline of 2.3 per cent on 1989. Private exhibitions, such as those held in hotels or shopping centres, also experienced a drop from £173m to £160m. The reason, says ISBA, was more exhibitions switched from hotels and shops to mobile sites with lower cost structures.

Agricultural events, which also make up part of the industry as monitored by ISBA, were also down: from £68m to £52m. ISBA says that this was partly due to "consumer and craft displays to a high degree replacing the more traditional presence of agricultural equipment manufacturers and suppliers."

What is clear from the ISBA and EIF figures is that the main cutbacks are being felt in terms of smaller stands and reduced construction costs. EIF figures show that the average duration of exhibitions in 1990 was 3.4 days, compared with about 3.7 days in 1989.

Spending by exhibition visitors also fell in 1990, down 6 per cent to £502m. UK-based day visitors accounted for almost 88 per cent of exhibition attendance in 1990 and, as they usually travel from work or home, and incur no accommodation costs, their overall spending per visit is much lower than domestic overnight visitors or overseas visitors.

Average spending by domestic day visitors rose by some 5 per cent in 1990 to £27 a day, but after taking inflation into account this was a slight decline in spending. But spending by UK exhibition visitors who used overnight accommodation fell from £179 to £158 per visit. Only overseas visitors managed to buck the trend: they spent an average of £487 per visit in 1990, compared with £443 in 1989.

How to reach such important target customers will be the focus of National Exhibitors Day at the International Confex exhibition being held at London's Earls Court this week. Ms Deborah Carlton, managing director of Blenheim Events, which is staging the exhibition, says that "much still needs to be learned about the benefits of exhibitions as part of a sales and marketing campaign."

Stands are smaller and the average show is shorter

She adds: "Too many exhibitors fail to set clear aims and objectives before and after an event or realise the importance of stand presentation during the exhibition itself."

The problem (although officially denied) often is that exhibition halls – like restaurants – have both good and bad locations: exhibitors in the know steer clear of the notorious "black spots" which few visitors seem to pass by.

David Churchill

EUROPEAN VENUES

The missing beds

ACROSS EUROPE, conference and exhibition venues often suffer from the same fault: insufficient hotel space adjacent to the venues to accommodate the numbers of delegates and visitors.

The problem is most acute in Berlin, Vienna, Copenhagen and Birmingham – in spite of the opening last year of a new Hyatt hotel next to the International Convention Centre in the latter city.

Even when venue capacity and hotel accommodation is neatly matched – as in the Sorrento Palace conference facility – other problems arise. Sorrento, for example, is served by Naples which cannot easily provide the international direct flight capacity on scheduled services to match the demand for the venue.

Other well-planned conference centres which have successfully developed trade fairs – such as Frankfurt and Paris, for example – also suffer from a shortage of hotel space even when the conference centre is free.

Finding good convention space can also be difficult when demand is at its peak. The Milan Fiori complex is a useful standby, helped by being on the right side of town for Malpensa airport and with easy access to the orbital road, necessary because there is only one hotel on site.

Nice's convention centre, the Acropolis, opened in the early 1980s, is fairly big and can accommodate most sizes of meetings, even if its design leaves much to be desired. Availability of hotels is reasonable and as the Acropolis is in the town, transport is not a problem. Nice is also well supplied with flights out of the UK.

The European Federation of Conference Towns says that the most popular target countries for new conventions business are the UK, followed by the US. "Conferences are a major factor in pan-European communications," asserts Mr Tuula Lindberg, the Finnish president of the federation.

Mr David Tonnison, managing director of the Marketing Organisation, conference organisers, believes that "the opening of Europe as a single market will fuel a boom in international meetings."

European conference centres, however, will only maximise their occupancy rates if, he argues, "they build the right mix of meeting rooms in the right place and provide sufficient local bedrooms."

A recent survey carried out by the Official Meeting and Facilities Guide for Europe, published by the Reed Group, found that the availability of hotel and other facilities, ease of transportation, and the distances delegates have to travel were the three most important factors in selecting a meeting destination.

The survey, based on 150 corporate meeting planners in Europe, suggested that nine out of every 10 rated food quality, prices and meeting rooms as most important when selecting a conference hotel.

The Guide's US version, in a survey of American convention planners, found that the chief worry among Americans when planning a European meeting was over-pricing by the convention centre and hotel, along with the availability of sufficient rooms.

Among the minor factors taken into consideration by the US meeting planners, the most significant when choosing a European conference destination was said to be fears about the quality of the drinking water.

Figures from the Marketing Organisation suggest that UK meeting planners have become less willing to use continental venues over the past year.

Its UK activities rose from 35 per cent in 1990 to 44 per cent last year. At the same time, short-haul conference and incentive trips to continental Europe dropped from 42 to 37 per cent.

David Churchill

Birmingham's International Convention Centre

THE WEST MIDLANDS

Trade fairs wooed

THE NATIONAL Exhibition Centre, the largest purpose-built facility in the UK for trade fairs and exhibitions, has started work on a programme of expansion. The International Convention Centre, with its symphony hall, is building up a momentum of activity after its opening last year. The National Indoor Arena, also opened last year, is finding its role in the marketplace of *sporting and mass musical events.*

These three venues with complementary facilities are the focus of Birmingham's bid to establish itself as an international centre of business tourism and, in the process, to achieve a better balance in the regional *economy of the* West Midlands. Traditionally, the centre of the British engineering industry, the West Midlands has been vulnerable to the sometimes violent swings of the national economy. The development of a services sector is seen as the way to reduce that vulnerability.

Although run as a private sector company at one remove from the local authority, the NEC, the ICC and the NIA are the children of the public sector and the ultimate owner of the NEC and the ICC is Birmingham City Council. Indeed, the council guarantees the loan stock issue which is financing the expansion of the NEC.

Last November the NEC signed a £44m design-and-build contract with Laing Midlands for the construction of four exhibition halls as part of a £100m investment programme. The effect will be to add 30,000 square metres of display space by mid-1993 and bring the NEC's total capacity to 155,000 sq metres.

The expansion will consolidate the NEC's position as the UK market leader for trade fairs and exhibitions and will keep it in the top 10 of European venues. *The* extra halls will provide the scope to attract some of the bigger trade fairs which hitherto have perambulated around the larger European centres. The first exhibition to use the new halls will be the International Printing Equipment Exhibition.

The expansion will keep the NEC in the top 10 of European venues. The extra halls will provide the scope to attract some of the bigger trade fairs from the larger European centres

The NEC has consistently made profits since the early 1980s. Its record year was 1989-90 when, after meeting all its financial charges, it contributed £6.65m to the general fund of Birmingham City Council. That figure nearly halved in 1990-91 when repayments of principal debt fell due. In the current year, latest figures submitted to the council show, the net surplus should be slightly higher than 1990-91 at £3.99m.

Despite the recession, income has held up over the last two years at between £53m and £54.84m. But the level of bookings taken for 1992-3 suggests income of £68.7m and a net surplus of £12.23m.

As, for management purposes, the NEC, ICC and NIA are run by one company, the NEC profits help to offset the planned losses at the ICC and the NIA. Convention centres traditionally have tended not to run at a profit. Rather, they act as a focus to bring spending visitors to a city and hence stimulate the local demand for services.

The ICC, apart from the symphony hall, has 11 conference halls capable of seating audiences ranging from 120 to 3,000. A very big conference would be able to use the nearby NIA for plenary sessions and split up into smaller working groups at the ICC. The NIA is conceived primarily as a sports arena able to take around 10,000 spectators.

The ICC and the NIA have not been in operation long enough for there to have been any marked effect on the local economy. Efforts are being made to market the facilities both in continental Europe and in the US, but, for these to succeed, it seems likely that *there will have to be an expansion* of the direct air links between Birmingham and other European centres and the start of transatlantic flights.

The ideal for the Birmingham authorities is to have a trade exhibition taking place at the NEC, to the south of the city, with a linked conference taking place at the ICC in the city centre. This has been achieved, for example, with last November's Building Employers' Confederation Conference and the Interbuild 91 exhibition.

Although, *in its first six* months, the ICC attracted 174 conferences, which drew in 60,000 delegates, it is still finding its place in a highly competitive market: so competitive, in fact, that subventions are provided to the organisers of the largest events. Domestically, *the ICC would like to* bring in events like the party political and CBI annual conferences. Recently, however, the Conservative Party decided not to confirm its booking for the 1993 conference.

The ICC and the symphony hall will cost Birmingham City Council £24.57m in the current financial year and the estimated cost for 1992-93 is £27.92m. Annual operating costs are over £3m and there is a financial charge of nearly £11m, rising, in 1992-93, to £13.05m. It also has to pay charges to the council of nearly £6m a year. But the ICC's income this year will be less than £3m.

Paul Cheeseright
Midlands Correspondent

Some 350 northern venues are being marketed to European organisations

Bargain basement seeks business

NORTHERN ENGLAND may once have been an untapped gap in the European conferences market *but, with the* backing of the European Commission's regional development fund, that seems set to change.

The Commission is paying the first year's rent for the Northern Conference Bureau, which has been set up in Macclesfield, Cheshire. It markets 350 venues in northern England – principally city and country house hotels and university accommodation – to industries, companies and trade associations in Germany, northern France, the Netherlands, Belgium and Denmark.

It is run by Mr Bernard Owen, Manchester's former conferences organiser, with Mr Claude Guilot, a former conferences manager for Philips in Eindhoven, as his partner in Brussels.

Mr Owen says Manchester Airport, the under-exploited north and its ability to undercut London and the south-east by 25 per cent on costs are proving decisive selling points. "London and Scotland are well organised but many people in Europe are fed up with the prices and congestion they face if they organise a conference in the south-east," he adds.

The bureau offers a one-stop shop and is now recruiting the north's top 50 conference *hotels to its database of packages.*

In Europe, most people have *heard* of the Lake District and York and want to see them. Mr Owen and Mr Guilot are spreading the word that the Derbyshire Peaks, Liverpool, other parts of Yorkshire, Manchester, Newcastle, Cheshire, Northumberland, Durham and even North Wales also have much to offer.

The ease of getting about on relatively uncongested motorways and trunk roads is another benefit. "The north in general offers so many attractions within a very short distance of its *major cities* and towns, as well as good shopping in the big cities and in historic towns like Chester and York," Mr Owen says. The new *Sheffield Meadowhall* development – Europe's biggest out-of-town shopping centre – is also an attraction, as is the Metrocentre, Britain's first, on Tyneside.

"The crux of *our* market is the meeting of between 50 and 80 people," he adds. "These account for 75 per cent of all conferences and they fit easily into very many city centre or country house hotels."

Target markets in the various countries being sold to are conferences about fast-moving consumer goods, insurance, *banking, medicine,* and pharmaceuticals.

"Northern England is the bargain basement of Europe," Mr Owen enthuses. "In the rest of Europe, *conference* prices are about the same as in south-east England. With direct flights into Manchester, Leeds-Bradford or Newcastle, we offer big savings, with the chance to see the British way of life at its best in places that are still relatively unknown to Europe."

Offering the north in this way as a niche market is not, of course, new in the conferences and exhibitions sector. Both main northern exhibition centres, at Harrogate and Manchester, have been doing so for some years.

Neither is dauntingly over*sized and each has a steady* schedule of year-to-year regulars. Harrogate, in particular, has a good base of exhibitions which are tied to conferences, ensuring overnight stays in the town and trips by delegates and their spouses to the Yorkshire *Dales,* Moors or York.

The six-year-old G-Mex Centre in Manchester is reporting another successful year, despite the recession, because of its flexibility.

The Greater Manchester Exhibition Centre is a £12m conversion of the disused Central Station and its arched, single span roof has created 10,000 square metres of floorspace with no pillars in the way. *Temporary structures* outside can provide another 6,500 sq metres if needed.

G-Mex can thus function as a large arena for boxing matches, six-a-side soccer tournaments and rock concerts, all of which have all proved crowd pullers, with a spin-off promotion of G-Mex itself as a result of their being televised.

As exhibitions have contracted or, occasionally, been cancelled in the recession, Mr Frank Winter, G-Mex's chief executive, has upped the numbers of concerts or sporting events. The result has been 210 days' full usage in the last year.

This is far below its 289-day record of the previous year, but Mr Winter says that was a freak result caused by exceptional demand. In any event, it equated to a usage rate of 93 per cent – well beyond the 85 per cent optimum level any exhibition centre prefers to have for ease of maintenance.

Harrogate's International Centre was built nine years ago for £32m and caught an expanding market well. G-Mex has not appeared to dent a trend of long-term growth *because the two places operate* in complementary niches, in effect benefiting the northern economy as a whole.

With three 2,000 sq metre *indoor areas and another 4,000* sq metres available in the basement, Harrogate also offers flexibility. Two months ago the local authority, which owns the facilities, decided to spend up to £3.5m to refurbish the exhibition halls after a marketing study revealed long-term growth potential.

Harrogate has recently suffered a blow from losing its twice-yearly fashion fair because of a rival event at Birmingham's NEC, but exhibition hall usage has remained at the 80 per cent level of the last decade. The conference centre managed 70 per cent, *which Mr Paul Lewis, director* of resort services says is "excellent".

"Numbers attending most events have been only about 5 per cent down because of the recession, but some shows have been well up on expectations," he says. He forecasts an operating profit of £250,000 for 1992.

Ian Hamilton Fazey
Northern Correspondent

From Scotland, **James Buxton** reports on mixed fortunes in the industry

'Marketing is tough' in Glasgow

IT WAS obvious that something big was happening at the Aberdeen Exhibition and Conference Centre because one encountered the nose-to-tail traffic several miles before reaching the exhibition complex *at Bridge of Don. Inside,* the hot late August day made the atmosphere almost suffocating.

Last year the biennial Offshore Europe exhibition at Aberdeen, devoted to the offshore oil and gas industry, was more popular than ever, with an extra *200 exhibitors* bringing the total to 1,500 in the 30,000 sq ft exhibition space. As usual for this exhibition, most of the stands were housed in temporary accommodation rather than in the permanent structure at the Bridge of Don centre.

Offshore Europe is the largest exhibition in Scotland and last year was in the happy position of serving an industry whose fortunes are running in the opposite direction to the rest of the UK economy. At the Scottish Exhibition and Conference Centre (SECC) in *Glasgow,* the mood is less ecstatic.

"It's tough for everyone at the moment," says Mr Victor Brierley, an executive at the SECC. "A number of exhibitions have withdrawn recently and marketing is tough."

With the recession having begun in Scotland about a year later than in the rest of the UK, the downturn has only recently hit the exhibition business. Mr John Todd, chief executive of Scottish Industrial & Trade Exhibitions (Sits), one of the largest exhibition organisers north of the border, says that the picture is mixed.

"I predicted difficulties for our Scottish engineering show in November but we're already halfway to selling it out. On the other hand, our Scottish marketing exhibition has had to be postponed because there wasn't enough support. It's difficult to predict what is going to go well."

Success is especially necessary for the SECC because it *has rarely* been in the black since it opened in 1985. It cost £36m, of which £14m was provided by the Scottish Development Agency, some £14m by local authorities and £8m by the private sector.

Almost immediately after it opened, it was apparent that *financial projections* for the SECC had been too optimistic. After an initial financial reconstruction, the original public sector backers agreed in 1989 to inject £2.75m into the company, while debts were restructured and the councils approved an annual grant to cut one third from the SECC's very high rates bill.

In the year to September 30 1990, the SECC cut its loss to £258,000 from £2.2m. However last year there was a further setback when a staging of the musical West Side Story flopped; the loss was more than £500,000 and the *chief* executive resigned.

Mr Brierley says that the rock *concerts* and *other* entertainments staged at the SECC are "on the up and up." In 1990 both the Bolshoi Opera and Pavarotti performed successfully at the SECC. But when the National Audit Office – the government's watchdog on *public spending* – looked at the SECC in 1988 it doubted how far "entertainment and consumer events" made "a significant contribution to the development of Scottish industry" which was the original justification for public sector investment in it.

Edinburgh has failed to create its long-promised conference centre but the £30m project may go ahead

Yet if the financial performance of the SECC has been disappointing, it has become *an established part of the* Scottish scene and many organisations have taken advantage of its flexible facilities. The Confederation of British Industry has twice held its annual conference there.

Edinburgh has so far failed to create its long-promised conference centre. Its need for a purpose-built centre to seat 1,200 people has been recognised for many years. By early 1990 it finally seemed ready to go ahead, as part of a large development project for the Lothian Road area of the city.

But then the developers of the associated project got into difficulties – because of the property crisis in England – and the project was delayed.

Last autumn, however, it appeared to be moving ahead again with Edinburgh district council and Lothian & Edinburgh Enterprise, the local enterprise company, committing themselves to starting *advance engineering work on* the £30m project.

The Scottish Tourist Board, meanwhile, has in recent years stepped up its marketing of Scotland as a conference destination. It has spawned the Scottish Convention Bureau and produces an elaborate and meticulous *80-page book,* Scotland: Everything a Conference ever needed.

It contains details not only of purpose-built conference facilities in Scotland but of the many hotels, both in the cities and the rural areas, which are able to lay on conferences. *There are also entries from a* number of famous privately-owned stately homes which offer conference and corporate entertaining.

How will the £2bn complex, near Paris, function off-season?

Grey skies and Disney

WHEN THE £2bn Euro Disney project opens outside Paris in just seven weeks' time, most attention will be focused on the theme park's attraction as a leisure destination for children and adults wanting to experience Disney's unique brand of entertainment.

But the Euro Disney resort could also become one of the most significant European conference and incentive travel destinations in the 1990s.

Disney's management is only too aware that, while the theme park will be filled to bursting during the opening, summer months, it will prove more difficult to attract visitors out of season.

The 1,900-hectare complex – about a fifth the size of Paris – contains six hotels and about 5,000 bedrooms to fill every night. Disney is emphasising the resort nature of the area, located some 32km east of Paris, but knows that when the weather is bad and children are in school across Europe, then it will need conference delegates to help fill those rooms.

Already there is considerable interest in using Euro Disney as a conference destination, says Mr Chris Jarvis, Euro Disney's UK manager for conferences and incentives. "Paris is already the most popular short-haul destination for conferences and incentives out of the UK," he says. "But we're finding the level of inquiries and bookings well ahead of projections."

Not surprisingly, Disney does not want to name UK companies which have already booked conferences in the theme park but they are understood to include several large concerns.

Conferences will be accommodated in a purpose-built convention centre adjacent to the Hotel New York, one of the six themed hotels on the Disney property and which is likely to be used as the main conference hotel. Other hotels range from the "moderately priced" Hotel Sante Fe (with about 21 square metres of room space) through to the first-class Hotel New York (31 square metre sized rooms) and the de luxe Disneyland Hotel (34 square metres).

The convention centre will offer 3,000 square metres of multi-purpose meeting space, able to accommodate from 20 to 2,000 delegates, although the latter number might be a bit of a squeeze.

Facilities include all the expected ability to tailor-make the space for particular requirements, as well as 16 projection rooms which Disney claims are the most advanced in Europe.

"Every city in the US has a hotel conference venue on this scale, but the situation is different in Europe," says Mr Jarvis. "We will be the only place in Europe offering this kind of facility."

What Disney also has to offer will undoubtedly become the biggest single tourist attraction in Europe over the next decade. The Euro Disneyland theme park, similar to the Magic Kingdoms in Florida and California, will be joined in two years' time by a second park, based on the Disney-MGM Studios in Florida's Walt Disney World.

Disney is well aware, however, of potential criticism that a theme park resort is not the most conducive location to keeping conference delegates working. "The conference centre is located well away from the theme park, so there is no direct overlap with the park," insists Mr Jarvis. "We have considerable experience in helping to construct itineraries, which enables delegates to enjoy both a conference and the facilities that the resort has to offer."

After the park closes to the general public – which will be early evening at less popular times of the year – Disney is expected to allow large conferences (of more than 500 delegates) to make use of one of the themed lands within the park for a private party. "This must be the ultimate incentive – to have exclusive use of Adventureland or Fantasyland for a party," adds Mr Jarvis.

Disney has yet to decide whether or not it will allow alcoholic drinks in the theme park for these private parties (alcohol is banned at all other times), although it does permit drink when the park is opened for private parties at Disneyland in California.

Alcohol is freely available in all the hotels, so conference delegates are unlikely to stay dry for long. At night delegates will also be able to enjoy the nightlife at its Entertainment Centre (similar to the Pleasure Island complex at Walt Disney World), including discos, restaurants, and a live Wild West Show.

Conference and incentive trips to the new Euro Disney resort, however, are likely to be short – up to three nights on average – although some organisers might combine a trip with a night or two in Paris as well.

Disney's determination to woo the conference and incentive business to its newest park is a far cry from its approach to attracting such business several years ago at Disney World in Florida. At that time, conference and incentive groups were not actively sought as the then Disney management felt that this would detract from the park's fun image.

But under the leadership of Mr Michael Eisner, Disney's chief executive since 1984, the company has taken a more realistic view of the attractions of high-spending conference business. It has recently opened two new convention facilities at Disney World, adding more than 90,000 square feet of meeting space. In all, it now has some 600,000 square feet of meeting space on site.

The Euro Disney resort: can Mickey Mouse woo delegates?

One of the new convention centres is 40,000 square feet of space at Disney's most prestigious hotels, the 900-room Grand Floridian. The other is a 51,000 square feet complex at the Contemporary Resort hotel.

But Disney is not just after the massive conventions market. It has launched a service called Priority One geared solely to booking meetings of less than 50 delegates. "We provide smaller groups with the same Disney amenities we offer larger groups," says Mr George Aguel, vice president in charge of conferences and incentives.

To help organisers, it has also published a detailed guide to the resorts amenities, including on-site catering facilities and meetings space. Moreover, it can put together special themed parties for conferences. "With a cast of thousands available to us, any type of themed party is possible – from a country hoedown to a beach party," says Mr Aguel.

David Churchill

INCENTIVE TRAVEL

The mission to motivate

A DECADE after veteran cruise liner Canberra was on its way to the Falkland Islands carrying British troops, the ship will this year embark on a different mission: in June it will be carrying over 600 delegates on a three-day cruise as part of the Personal Investment Marketing conference and exhibition being held on board.

The event, organised by Emap Events, will bring together invited top-level delegates, with more than 70 personal finance companies willing to fund the cruise for the sake of having a captive audience who, presumably, will be in a more receptive frame of mind away from their desks.

Such captive cruises are increasingly part of the conference scene and emphasise that travel – be it by land, sea or air – is a crucial part of the reason why people attend conferences at all.

Many conferences, in fact, turn out to be thinly-disguised incentive trips used to motivate key staff or distribution teams. "The annual overseas convention is virtually part of the remuneration package of performers in life assurance," points out Mr David Hackett, managing director of the Travel Organisation, which arranges conference travel.

This is how the US conference market has worked for years, largely as a result of the need to bring together scattered sales forces for regular motivational sessions.

Although many executives are used to travelling on business, a properly organised incentive trip offers more opportunity to provide excitement and luxury than most business travel actually delivers.

The difficulty, however, for those in the travel industry is identifying when conference travel is really a disguised incentive and when it is a genuine business conference. Yet the distinction between the two is becoming so blurred as to be virtually meaningless for many delegates.

But whether it is a conference or an incentive trip, there is little doubt that the companies paying for the travel are seeking a return for their investment.

The straightforward incentive travel trip has traditionally been used to motivate sales forces in industries such as insurance, motors and pharmaceuticals. Companies in these sectors all depend a great deal on their sales forces – or dealers – to sell the products. Simply offering traditional rewards such as a better car or more money only works up to a certain level, these companies believe. Incentive travel may be more cost-effective.

Research in the US has also shown that individuals who earn the right to be on a trip one year often work even harder in the following year to ensure that they retain the perk, lest the executive lose status in the eyes of his or her peers.

Yet the problem with such performance-related incentives is that they only motivate the high-flyer: those without a realistic chance of achieving the travel award may be demotivated early on.

Incentive travel organisers and their users are seeking ways of getting round this problem. One approach has been to offer different grades of travel incentives; a short-haul trip to a European city could be the incentive for those less successful than the high-flyers who win trips to more exotic, long-haul destinations.

Another device is to offer special deals, such as the Air Miles/Latitudes system operated by British Airways. These enable companies to award so many miles of free air travel according to the particular incentive scheme.

However, the harsher economic climate has made some companies wary about their key executives being away from home for too long. Experience has shown that companies prefer flight times of up to 1½ hours for short-haul flights and up to 10 hours for long-haul. Companies also prefer not to change aircraft and often to remain at one centre with a strong local interest and image.

France, not surprisingly, remains the most popular short-haul conference and incentive destination, followed by Spain and Germany, according to a survey of over 1,000 companies and conference organisers carried out by the publishers of the Conference Green and Blue Books which list conference venues.

North America came next, ahead of Ireland and Italy which are both seen as difficult conference and incentive destinations for major companies because of the security implications.

Cruise liners, on the other hand, offer not only high security but also other benefits. Actual expenditure, for example, can be forecast very accurately in advance since the bulk of spending – fares, accommodation and food – are known. Discretionary spending aboard conference cruises is usually left to the individual.

The current economic climate is, not surprisingly, making companies more wary of their use of travel incentives. Mr Hackett points out that "spending has moved away from incentives committed to achieving high volumes, and instead towards the need to motivate people simply to maintain market share."

He notes that in the motor industry, for example, "what might have been an overseas event has reverted back to the UK, and where dealers might have previously been entertained overnight, in many cases events have been reduced to daytime only activities."

Mr Hackett sees no sign of a significant uplift in conference and incentive travel spending in 1992. "For some companies this is merely a reflection of reduced marketing budgets, while for others such activity may be seen as inappropriate while their business suffers and some staff are being made redundant."

David Churchill

US CONVENTIONS BUSINESS

Less lavish but going strong

RECESSION is continuing to affect the US conference and exhibition industries of the 1990s. Smaller and more cost-effective events are replacing the lavish affairs of the extravagant 1980s.

The recession has been particularly hard on the US conventions business. A study by Meetings and Conferences magazine showed a 19 per cent decline in the number of conventions in the US to 10,200 in 1991 from 12,600 in 1989. In the same period corporate meetings fell to 806,000 from 867,000, while the total number of meetings dipped to 1.03m from 1.07m.

The move towards smaller events was highlighted by the growth of association meetings – one of the few bright spots of 1991. The number of association meetings, other than annual conventions, rose 15 per cent to 215,000 in 1991 from 187,000 in 1989.

"People do not have the time and money to go away to large conventions where the subject might not be particularly focused and the main benefit would be networking," says Mr David Ghitelman, managing editor of Meetings and Conventions magazine. "But there is demand for meetings closer to home that are focused on more specific subjects, such as updates in tax law."

The recession's impact on US tourism continues to be good news for meeting planners. Conventions are an increasingly important revenue source for hoteliers trying to cope with growing vacancy rates. In resort hotels, for example, conventions contributed about 43 per cent of the industry's $6bn revenues in 1990. "It is very much a buyer's market," says Mr Ghitelman.

One unexpected by-product of the Gulf war, which severely cut into international travel, was the growth of the video conferencing market. "We had almost written off this industry in the 1980s because, year after year, it never took off. At about the time of the Gulf war it started to grow and it hasn't fallen off since then," he adds.

Revenues at Picturetel, which markets portable video systems for use in one's own room, grew from $17m in 1989 to $37m in 1990, and 1991 revenues are estimated at more than $70m.

Another indication of the video conferencing market's growth is the growth in use of telephone meeting lines. Domestic bookings over US Sprint's meeting channel jumped 30 per cent between January and March of 1991, and international bookings surged 50 per cent. Although the increase was directly linked to the Gulf war, "from what I've heard, it may have levelled off but it hasn't decreased since then," says Mr Ghitelman.

Companies have discovered that video conferencing is effective and cheaper than flying people around the world. Mr Ghitelman expects video conferencing to continue to develop in areas such as preliminary contract negotiations.

Indeed, with new technology allowing people to work on the same document around the world, certain types of meetings may not be necessary at all in the future.

Another growing trend is the use of meetings and conventions as a launching point for family holidays. "We noticed that a lot more people brought their spouses to meetings. With the recession and the growth of the two-income family, it is becoming more important to combine business with pleasure."

Partly as a result, convention centres in the US sunbelt and the southwest are getting a larger share of the business according to Mr David Petersen, director of sports and convention facility advisory services at Price Waterhouse at Tampa, Florida.

If you live in the north of the country and want to get away for a week, you might be more inclined to go to a convention in Orlando, Florida than Missoula, Montana.

Mr Petersen expects the dominant convention centres in the next decade to be Las Vegas, New Orleans, Atlanta, Dallas, Orlando and Anaheim (near Disneyland in California).

The large northern business centres such as New York and Chicago have also held up well. "Larger centres are continuing to enjoy good attendance and high occupancy, and they can also draw from the resident market."

Overall convention attendance, however, is down as a result of the recession and the amount of exhibit space rented has also fallen off, particularly in small and medium-size centres.

With convention centres, as well as hotels, the recession has created a buyer's market. "Many facilities are trying to distinguish themselves by offering quality food and beverages, for example. And meeting planners and trade show producers are increasingly looking for features that might attract participants," says Mr Petersen.

In spite of the current pressures on business, the convention industry is still counting on future growth. Price Waterhouse's annual convention centre report found that centres in the largest markets such as Los Angeles, Atlanta, San Francisco, St Louis and Anaheim were expanding.

Smaller markets doing well include Minneapolis, Seattle and Indianapolis. Among new centres under construction or recently opened are San Jose, Charlotte, Austin and Portland.

Karen Zagor
New York

HOTEL INDUSTRY

A better deal for delegates

HOTELS ARE the linchpin of the international conference and exhibition industry. Not only do they provide delegates with accommodation but they are also the biggest supplier of space for small meetings and other convention facilities.

Thus, it is surprising that hotels have been so poor in the past in meeting the needs of this important market. Anecdotal horror stories abound about poor standards in hotels, both for rooms and conference space, and even some newly refurbished or designed hotels still manage to get it wrong.

A survey by consultants Coopers & Lybrand Deloitte found, for example, that hotels accounted for some 36 per cent of revenue and 31 per cent of profits for all conference venues. Half of all delegate days, moreover, were spent in large hotel chains.

But times are changing. Several leading hotel chains, conscious of criticisms in the past, have revamped their approach to conferences.

Forte Hotels, Britain's biggest hotel chain, recently decided to give its conferences a new look with the launch of its Venue Guarantee scheme. "Our research showed us that companies wanted to end the uncertainty they felt when booking hotel conferences and to have confidence that they would get what they asked for," says Mr Geoff Thomas, Forte Hotels' marketing communications controller.

Under the scheme, which applies to Forte hotels worldwide, each conference has a specified Venue Guarantee manager whose job it is to see that the event goes smoothly.

Forte also promises to send a Day Planner, ensuring that nothing is missed out, to conference organisers within 48 hours of a booking being made. The Day Planner indicates all the charges and the agreed basis of billing.

The new scheme includes a Customer Satisfaction report placed within the meeting room, so that if services are not delivered then they can immediately be deleted from the account under Forte's "no quibble" bill policy.

Forte is not alone in developing a scheme to give conference organisers more confidence when booking a hotel meeting. Hilton International, part of the Ladbroke Group, is launching its Meeting 2000 conference system – previously confined to the UK – at 27 of its other hotels worldwide.

Hilton's research of conference users found that the top requirement for successful meetings was the provision of professional, specially trained staff who were readily available. Like Forte, Hilton provides a dedicated Meeting Service manager for each meeting.

Among the other elements of Hilton's conference facilities are a business and meeting service centre, located close to the main function area, providing communications services, such as typing, fax, photocopying and couriers.

"Our initiative is aimed at meetings of up to 50 people which, according to our research, account for some 70 per cent of the global conference market and represent its fastest-growing sector," says Mr Geoffrey Breeze, Hilton's vice president for corporate marketing.

Former Hilton chief executive Mr John Jarvis, who two years ago set up his own hotel chain, Jarvis Hotels, with the £186m acquisition of Embassy Hotels from Allied-Lyons, has launched a similar scheme.

Called Summit Conferences, it guarantees a totally successful conference or a refund of the cost of the meeting. "If equipment does not work during the conference or messages are not delivered, then the organiser is refunded," says Mr Jarvis. "In addition, a complete four-course lunch can be served within 55 minutes if required."

Inter-Continental's response to the increased competition from other chains has been its European Meetings Portfolio, which also includes a specified meetings manager. Its published conference rates will be kept for the rest of this year.

"It is one-stop shopping for a conference which takes all the hassle away from meetings organisers," says Mr Bob Davis, Inter-Continental's European vice-president for marketing.

To make things even easier for organisers, the ITT Sheraton hotel chain has put its Guide for Meeting Planning in diskette form on IBM compatible format. It includes information on checklists and guidelines and automatically processes the user's data.

"This is a 'user-friendly' working tool which de-mystifies the planning process of successful meetings," says Mr Mike Prager, ITT Sheraton's advertising director. "Not only does it save time and energy on the part of the conference organiser, but it also ensures that nothing is overlooked."

Hotels are increasingly waking up to the technological needs of conference delegates. The new all-suite Conrad Hotel at Chelsea Harbour in London has the state-of-the-art high-tech equipment which modern conference users demand. Its meeting rooms can be linked up by video if necessary.

The major hotel chains, however, have not had it all their own way in wooing the conference organiser. Many small country house hotels have carved a niche for themselves in offering small meetings in more pleasant surroundings than city centres. The Lygon Arms in Broadway, Worcestershire, part of the Savoy Group, last year opened a new £1.4m swimming pool and fitness centre, to meet the needs of conference groups which increasingly demand such facilities.

Mr Kirk Ritchie, the Lygon's managing director, says that such investment is essential. "It has helped us retain and attract small meetings and conferences over the past difficult year," he says.

Lucknam Park in Wiltshire, which has extensive leisure facilities, also believes that "memorable food" helps attract top-level meetings: its chef has just won a Michelin star.

Other small country house hotels also make clear their willingness – perhaps not always so obvious in the past – to meet the needs of organisers. Bishopstrow House in Wiltshire, for example, is closing its tennis courts for three weeks while they are being used as a mock garage for a motor dealers' conference.

David Churchill

London's Conrad Hotel: state-of-the-art high tech

Double Take

William Packer finds that the 'meaning' of the Hayward Gallery's new exhibition is buried in the small print

With exhibitions, as with so many things, it is always as well to read the small print. *Double Take* is the name of the South Bank Centre's major spring exhibition at the Hayward Gallery, London, (until April 20). *Collective Memory & Current Art* runs the sub-title. "*Collective Memory* is a phrase", so its three curators tell us in their joint introduction to the catalogue, "*that can mean all* or nothing to different people." Yes; well; hmmm.

They go on: "...The tension between our public and private selves has become acute. The artists...share an equal distrust of the purely personal and the securely social. They suggest how the infinite raw material that contributes to forming our experi*ence of the world*...remains inert until brought into play in the present. The *double-take*...implies neither a style nor content but rather an approach...entailing recognition and reinvestment of significance where it might otherwise be overlooked or taken for granted."

What this turns out to mean is: "Here is a job lot of *soi-disant* artists from here and there, all doing their own fash*ionable* thing, and though we cannot make head or tail of any of it, perhaps you can?"

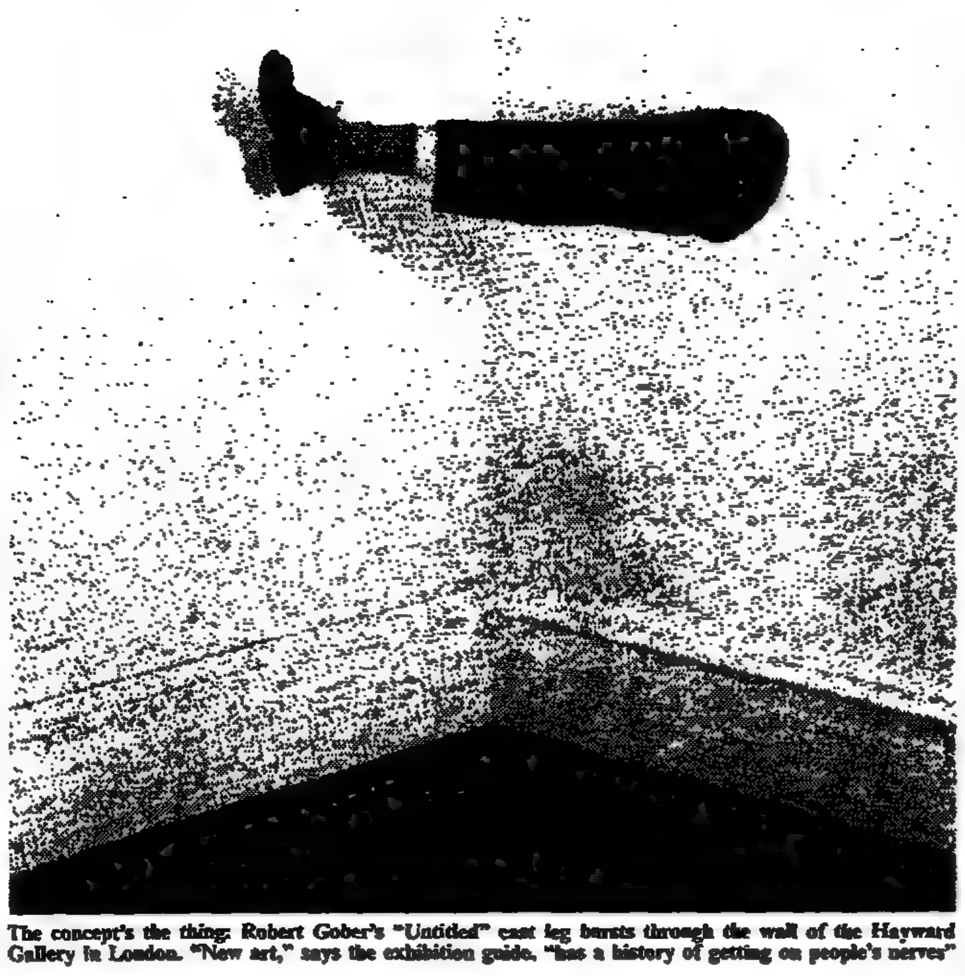
It is in fact a useful if depressing statement, by inversion and omission, of what, to the orthodoxies of current curatorial interest and practice, Art is, or might be. Is there *any mention of the unique* force and presence of the fashioned object or contrived surface, that is the work of art? No. What of the quality of what is done, in the way it is made? Nothing. And what of the personal experience of the world, that is all we have, but *which the artist strives to render* general? Not a thing, for that, as we have just read, is now distrusted and disavowed. Nothing is to be made any more, and nothing truly felt.

And instead? "New art has a history of getting on people's nerves", runs the guide. "The artists challenge us by pushing our understanding of the world around us beyond familiar limits. They manipulate the images, codes and conventions of the world itself in order to touch our emotions and intellect, expressing our fears and desires in new ways that can be amusing, provocative, evocative, disquieting, spellbinding and beautiful. If art does not have such an effect somewhere along the line, what does it do?"

It is a good last question in spite of itself, though there is little comfort to be had of the answer inferred before it. The favoured artist is no more than an entertainer, striking attitudes, making jokes, playing tricks. The concept is the thing, to which all is response, with the material given and the performance conventional.

It is the art of the dandy and the mountebank, ironical, detached, uninvolved, above all, *safe*. For there is no danger of personal exposure, other than in the most literal sense in which Jeff Koons chooses to perform with his wife, an ex-porn film actress – a hard act to follow, but an act for all that. There is no emotional risk, no vulnerability, no engagement. Do we see the point: but there is no point. There is no point: then we have missed the point. Heads they win, tails we lose. Double-take indeed.

It has to be said that the exhibition has been beautifully laid out and installed within an internal structure devised by the Italian architect, Aldo Rossi. And the three curators, Lynne Cook, now of New York, Bice Curiger from Switzerland, and Greg Hilty from the Hay*ward itself, have made a most* salutary international choice. As with the recession, our problems are clearly not reserved to us alone. And so, what are these brave new things, and who the artists, all 23 of them, who make us look afresh, and look again?



The concept's the thing: Robert Gober's "Untitled" cast leg bursts through the wall of the Hayward Gallery in London. "New art," says the exhibition guide, "has a history of getting on people's nerves"

There is Philip Taaffe (US/Italy) who reworks in paint and collage decorative motifs from Islamic tiles, for example, or full-scale images of modern art, notably the works of Bridget Riley. Glenn Ligon (US) shows a suite of paintings, each worked with lugubrious ineptitude and carrying ponderously stencilled and mutually contradictory interpretations of dreams.

Andreas Gursky (Germany) takes immaculate colour photo*graphs of general working inte*riors or impersonal landscapes – an electronics production line, a stock exchange, a motorway junction. Katharina Fritsch (Germany) offers a group of industrially manufactured golden frames, large and plain, with surfaces no less plain within, red, blue, yellow, *green*...

Narelle Jubelin (Australia) works tiny landscapes, long and thin, in petit-point and puts them into old frames. Simon Patterson (UK) has revised the familiar map, or *journey planner as* we must now learn to call it, of the London Underground, each line now a category of heros – footballers, artists, philosophers.

Tim Rollins-&-KOS (US) stick comic-book pages on to large canvasses, carefully, one by *one. Robert Gober's (US) cast* legs burst akimbo through the wall. And Rachel Whiteread (UK) continues with her casts of domestic objects, mattresses, morgue slabs and the like, leant and folded against the wall. "(Her) use of rubber to cast objects...allows her a greater flexibility than her earlier use of plaster," says the guide. I should imagine it would.

And outside in the great world itself, Stephan Balkenhol (Germany) has a man on a raft floating on the Thames, and a *huge wooden head on London's* Blackfriars Bridge. Jenny Holzer (US) animates the Festival Hall with her electronic slogans. Boyd Webb (NZ/UK) has a poster on a hoarding at Waterloo that sums up the whole enterprise with an unforeseen acuity, an elegiac *image of a a half-deflated geog*rapher's globe floating gently away. O brave new world, that has such people in't.

A double enigma

The progress of the period instrument ensembles of the baroque, starting from Bach and Handel, moving inexorably forwards to Mozart, until they felt confident enough even to make the occasional foray into *Schumann, Mendlessohn* and Brahms, was among the most important features of musical life in the 1980s. But their advance may be about to be halted.

On Friday a new period romantic orchestra took the stage for the first time, setting its standard flying over the music of the turn of the century, where it intends to stake out its ground. Taking the name of the New Queen's Hall Orchestra after Henry Wood's orchestra founded in 1895, it uses gut strings and narrow-bore *brass instruments, while* promising period style generally – a feature easily assimilated from 78rpm recordings.

This first concert, at St John's Smith Square on Friday, featured the strings alone, although wind *and brass* sections were due to join them at another event out of London the next night. The programme consisted of four favourite pieces for string orchestra, which should have made for a pleasurable but uncontroversial evening; and so the mixed feelings that it generated came as all the greater surprise.

Doubts and dissatisfaction mingled here with a very real fascination as to what the performances were trying to tell us. The sound, at least, was marvellous: a blend of rich sonorities, the higher strings sweeter than usual, the lower warmly resonant, far removed from the string sound of today's orchestras and thereby justifying the enterprise. But that surely does not mean that the playing also *has to be as* uniformly sluggish and cumbersome as it was here.

Of the four pieces, under the direction of James Judd, Vaughan Williams's *Fantasia on a theme of Thomas Tallis* easily worked the best, thanks to the combination of the orchestra's tone colours and *the spacious acoustic of St* John's. Neither Dvořák's nor Elgar's Serenades for strings had much vitality, while Tchaikovsky's limped along with barely any passion at all. Was it the conductor, the players, the instruments, *or* a lack of rehearsal time?

Difficult to say, although the names of the musicians printed in the programme suggest that *this is an ensemble* with some very experienced members, and one would not normally have expected from them the infelicities of ensemble and tuning that marred these performances. Perhaps *orchestras, especially new* "old" ones, are just not born in a day. The New Queen's Hall Orchestra has shown it is more than a gimmick and one at *least looks forward to its* next appearance with genuine interest.

* * *

The following night another enigma was *set to be* challenged at an all-Elgar programme at the Royal Festival Hall. There has long been speculation about the so-called "hidden" theme that Elgar claimed lies behind the *Enigma Variations* and one recent claimant to be the answer was tried out in public before a performance of the work on Saturday.

This solution, proposed by Joseph Cooper and seconded by Dr Jerrold Northrop Moore, the Elgar scholar, suggests that Elgar's main theme is in *fact a re-working of part of the* slow movement of Mozart's "Prague" Symphony. The theme bears some of the same notes and similarities in rhythm, while Elgar's love for the music of Mozart and his use of it in his early days as an exemplar towards composing large-scale musical structures are duly noted.

Whether this is enough, however, *to add up to Elgar's* description of the hidden theme as "another and larger theme" going through and over the whole set of variations *seems highly questionable*. As with the premises of the New Queen's Hall Orchestra concert, what we were being offered here was merely one possible answer to the enigma, for which in this case there is *no documentary explanation*.

This time the performances, by the Royal Philharmonic Orchestra under Charles Mackerras, were according to *late 20th-century standards*, both as to style and execution. Good playing generally, with all the brilliance of sound and ensemble that a top orchestra today can easily muster. It would certainly be a shame if *the qualities that make* Mackerras's Elgar so enjoyable – its vitality, clarity and quickness of response – were to become a thing of the past. Elgar's own recordings suggest there is no reason why they should.

Richard Fairman

City of London Sinfonia 20 Plus

QUEEN ELIZABETH HALL

Eccentrically, since this seems to be their 21st season, Richard Hickox and his City of London Sinfonia are still celebrating their "20th Anniversary Season". They still have the T-shirts on *sale, which may explain it*. The "*Plus*", this past weekend, was for a lot of enthusiastically planned "collective composition" and "workshops" during the days, with schoolchildren involved, besides three full-dress concerts later – mostly of recent British music – with substantial Arts Council support. The whole event may have been a great *tonic* for everybody concerned; I heard only the final concert, and *found it slightly dispiriting*.

Not because of the Sinfonia's playing; that was generally expert and full of verve. Two pieces showed off the Sinfonia strings by themselves. The American John Adams' *Shaker Loops* is 13 years old, lightly poised between minimalism and post-minimalism. The fiddle-patterns of Shaker music sizzle away *for* 25 minutes like a bright, unambitious exercise, or very *superior Muzak. Though the programme*-note made much of the "loops" – overlapping melodic cycles of different lengths – it discussed only the original version for string septet; with the much larger band Hickox used here, the asymmetries barely registered.

Barry Guy's new *After the Rain*, inspired by a well-known Max Ernst painting ("Europe after the Rain"), alternated between busy atonal "*refrains*" *and more sedate stuff – banal* 19th-century chorale (with heartfelt delivery), a fair imitation of Britten's super-diatonic string-writing in a "Chanson", some raw melodramatic effects: it comes to nothing much. Nigel Osborne's Flute Concerto, a year-and-a-half younger than the slick Adams piece, made a familiar Osbornian impression: musical ideas of tantalising potential, developed too laconically and obliquely to make any decisive effect. Duke Dobing sounded like a committed soloist, and at least *looked* like one when the instrumental balance left him all but inaudible.

Peter Wiegold's new *Sinfonia Concertante* was specifically a fruit of this weekend, with seven of its eight movements designed for filling-out by *solo players whose parts were partly* sketched in "workshops" earlier, partly improvised on the spot. A progress from Daybreak ("primitive, unformed") to Night 2 ("healing power of the dark") was fixed by Wiegold's prior scenario.

The CLS soloists played up bravely, with much imagination; the pre-set *orchestral shell* failed, however, to ensure any telling overall *shape. Most of the "day" ambled jauntily along* like the donkey-movement in Grofé's "Grand Canyon" Suite – remember that? Wiegold does – and the outer sections achieved no more than film-music *Affekt*, even looser than the *Kitsch* postcard-sequence of Strauss's "Alpine Symphony". Surely we ought to applaud Wiegold's aim of re-enlisting individual *flights* of fancy into live "classical" music; but there *must* be *tougher-minded* ways of building them into a continuous half-hour structure.

David Murray

Parsifal

HOUSTON

The most adventurous of the big US opera companies, Houston Grand Opera, is in a period of forced restraint. Recessionary hard times have been made *harder* by the *financial shortfall* (at least \$500,000 – £285,700 – according to rumour) of last May's Mozart festival. One 1991-92 production has already been cancelled; the number of works to be performed next season is set to shrink from 12 to seven.

Plainly, this goes against company grain, and that of its general director David Gockley, a *man who has gained* the city its worldwide reputation as a place where artistic risk pays off handsomely. The way he prefers to do things can be evidenced from such past Houston splashes as the 1989 British Opera Festival, which included the premiere of Tippett's *New Year*, and this month from a boldly out-of-the-ordinary repertory mixture.

Parsifal, staged by the celebrated modern-theatre director Robert Wilson (in a production first given at the Hamburg Staatsoper last year), has just completed its run in the company's big theatre; while *Desert of Roses*, a new Beauty and the Beast opera by the American avant-garde composer Robert Moran, alternates in the smaller with Grétry's 1771 version of the same fable, *Zémire et Azor*, in a pop updating. (I shall review these two "Beauties" in a second Houston report.)

The combination of Wagner and Wilson has caused an enormous nationwide stir and, locally, a gratifying shortage of tickets. The cool, abstract-sculptural Wilson style, made internationally famous by (among other things) *Deafman Glance, Einstein on the Beach*, and *the CIVIL warS*, has recently been confronted with "classic" opera – Gluck's *Alceste* in Chicago, *The Magic Flute* in Paris, *Lohengrin* in Zurich (on which Andrew Clark reported on this page).

But *Parsifal*, most complex and musically rarefied of all great operas, *presented* Wilson with his largest challenge so far. He has faced it in a manner at once raptly serious, elevated, and unfailingly elegant to behold. The worlds of Kabuki and Noh, Balanchine (a confessed Wilson influence), the early Surrealists, and the American visual Minimalists meet in his production, for which Wilson himself designed the set and (with Jennifer Tipton) the lighting, and Frida Parmeggiani the costumes.

Needless to say, simple representation of the *Parsifal* locations – forest clearing, castle hall, magic garden, flowery meadow – finds no part in it. Rather, *the stage becomes a* "*Parsifal* space", a bare canvas on which selected images are graved while light intensities of magically clean focus slowly grow and fade and singer-actors undertake a carefully choreographed set of motions complete with *ritualised* hand- and body-language.

Sometimes the *mise-en-scène* "fits" with the narrative events: a vast wing-shape *sailing* down across the back-screen after the swan's death; an illuminated white *flying* saucer with a hole, like a gigantic Polo mint, landing stage-centre during the Grail rites. Sometimes the connection proves elusive, and the images, never less than ravishing, stay locked within Wilson's inner *Parsifal* vision.

Because it is all so seamlessly made, so graceful in physical unfolding, the "*what does it mean?*" puzzle never becomes an irritant; but the decision to avoid entirely the big gestures of Wagner's drama proves more problematic. For Wilson those "klutzy knights walking around with this cup" are "ridiculous, disturbing, all wrong"; *the chorus is banished to the theatre's* highest balcony, and there is no cup – and later no kiss, no anointing, no dove. The eschewing of all facial expression provided an odd counterpoint to the shrieks of Kundry, the agonies of Amfortas, the pained growth to wisdom of Parsifal. (Rather than translating snatches of the German text that might *in some way contradict the staging*, the Houston surtitling machine simply left them out.)

For all its visual wonders I found this *Parsifal* a frustrating experience. For many it has allowed a liberation of the drama from the banalities – and, indeed, the worrying *aspects – of its* libretto surface. For me it was, in the end, a cop-out. The many meanings of *Parsifal* are not, I think, released by the banishment of those narrative *aspects*, religious and political, inconvenient to the late-20th-century *Zeitgeist*. Certainly, the vibrant emotional drama that is its richest and most enduring achievement was stunted in this sexlessly chic slow-motion reading of the piece.

But a less enervated account of the score might well have redressed the balance. The conductor was Christoph Eschenbach, chief of the Houston Symphony, a recent HGO regular, and a passionate Wilson devotee; he certainly "went along with" the production, in a way that highlighted its shortage of red blood-cells. It was strange to hear so well-played and sung a *Parsifal* so *rhythmically slack-muscled, so lacking* in strong contours – at once "beautiful" and debilitatingly bland.

The cast was distinguished: Dunja Vejzovic (Kundry), Monte Pederson (Amfortas), Harry Peeters (Gurnemanz), Richard Paul Fink (Klingsor), and John Keyes (the young American Heldentenor who recently sang *Siegmund for Scottish Opera*) in the title role. The impression of smooth musicality was admirably uniform. But from the singing – as, indeed, from the whole experience – a whole universe of Wagnerian musical vitality appeared to be absent.

Max Loppert

More money for the arts

The London Arts Board yesterday announced good news for more than 140, mainly small, arts organisations in the capital – collectively they are going to receive grant increases of more than 20 per cent for 1992-93.

However, this is likely to be the last good news many of them get for some time – two other sources of funding, their local authorities and the London Boroughs Grants Scheme, *seem set to cut subsidies*.

The LAB presented a professional front under its new management of Clive Priestley, chairman, and director Tim Mason. This time next year they could well be the funding agency for more, and larger, arts organisations, like the big *four London based orchestras*, the Royal Court Theatre, the Whitechapel Gallery, etc, doubling its budget to over £20m. So it is anxious to be reassuring in its policy.

Big gainers yesterday were *the Almeida in Islington* which received a 60 per cent uplift to £398,000, and the Orange Tree in Richmond, which gets 45 per cent more at £133,226. In dance, both The Place and Chisenhale were given 26 per cent more while the Battersea Arts Centre gains 40.3 per cent.

An unusual initiative was the award of substantially more money to Circus Space which is developing human physical skills to make good the absence of animals in contemporary circus.

Antony Thorncroft

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Netherlands Wind Ensemble plays music by Dvořák and Janacek. Tomorrow, Thurs, *Fri and Sat evening:* Ken-Ichiro Kobayashi conducts the Netherlands Philharmonic. Sat afternoon: Frans Brüggen conducts the Netherlands Radio Chamber Orchestra (6718 345)
Muziektheater 20.15 Dutch National *Ballet in three* Balanchine choreographies, also Thurs, Fri and Sun (6255 455/credit card bookings 6211 211)

BERLIN

Schauspielhaus 20.00 Daniel Barenboim conducts the Berlin Philharmonic Orchestra in Beethoven's Violin *Concerto* (soloist Itzhak Perlman) and Liszt's Dante *Symphony*, also tomorrow. Thurs and Fri: Hiroshi Wakasugi conducts the Berlin Symphony Orchestra. Sat: Barenboim conducts Josef Tal's Fifth *Symphony (East Berlin 2090 2156)*
Philharmonie Kammermusiksaal 20.00 Ensemble Oriol plays music by Handel, Bernstein and Schoenberg (West Berlin 8173 364). Thurs: Bach's *B minor Mass (8256 160)*. Fri: Dmitri Hvorostovsky song recital (West Berlin 2548 8232)
Deutsche Oper 19.30 Peter Schaufuss' production of *Giselle*. Tomorrow: Die Walküre (West Berlin 3410 249)

BOLOGNA

Teatro Communale 20.30 Gianandrea *Gavazzeni conducts* Piero Zuffi's production of Roberto Devereux, also Thurs and Sun. Fri and Sat: Riccardo Chailly conducts Rossini's Stabat Mater (529999)

GENEVA

Grand Théâtre 20.00 John Nelson conducts Francesca Zambello's production of Benvenuto Cellini (212311). Sun in Victoria Hall: Armin Jordan conducts Bartok's *Duke Bluebeard's Castle (292511)*
Comédie 20.00 Botho Strauss' play Le Temps et La Chambre, directed by Patrice Chéreau. Also tomorrow and Thurs (205001)

GENOA

Teatro Carlo Felice 21.00 Alessandra Ferri dances Coppelia in Amedeo Amodio's *Aterballetto* production. Repeated tomorrow *at 15.30 (589329)*

LONDON

Covent Garden 19.00 Bernard *Haitink conducts* Johannes Schaaf's production of Don Giovanni, with Thomas Allen in the title role, also Thurs. Tomorrow: Kenneth MacMillan's Manon (071-240 1066)
Coliseum *19.00 Alex Ingram* conducts David Pountney's *production of* Königskinder, also Fri. Thurs: Street Scene (071-836 3161)
Royal Festival Hall 19.30 Franz *Welser-Most conducts the LPO* in symphonies by Haydn and Brahms, plus the closing scene from Strauss' Capriccio. Tomorrow: Charles Dutoit conducts the Philharmonia (071-928 8800)
Queen Elizabeth Hall 19.45 Ivan *Fischer conducts the Orchestra* of the Age of Enlightenment in Beethoven's two Romances and two symphonies by Haydn (071-928 8800)
Barbican 19.45 Yan Pascal Tortelier conducts the ECO in Ravel's *Mother Goose, Mendelssohn's* Violin Concerto (soloist Maxim Vengerov) and Beethoven's Sixth Symphony. Tomorrow: Boulez conducts Boulez (071-638 8891)

MADRID

Tonight at the Auditorio Nacional de Musica, Leonid Kavakos plays violin music by Sarasate. Fri, Sat, Sun: Aldo Ceccato conducts the *Spanish National Orchestra in* symphonies by Schubert and Shostakovich, with Hanna Schwarz soloist in Mahler's Kindertotenlieder (337 0100)

MILAN

Teatro alla Scala 20.00 Lorin Maazel conducts Jonathan Miller's production of *Manon Lescaut*, with Maria Guleghini in the title role. Runs with alternating casts till March.21, with next performance on Fri. Sat: Riccardo Muti conducts *Rossini's Stabat Mater (7200 3744)*

MUNICH

Staatsoper 16.00 Marek Janowski conducts a concert performance of Götterdämmerung, with Hildegard Behrens, Eva-Maria *Bundschuh, Marjana Lipovsek*, William Cochran, Matti Salminen and Ekkehard Wlaschiha. Tomorrow and Sat: Don Giovanni with James Morris, Julia Varady and Ann Murray. *Thurs: Salome.* Fri and Sun: Die Fledermaus (221316)
Philharmonie 20.00 Bach Collegium, with Kim Kashkashian viola soloist and Nathalie Stutzmann contralto, in a programme including *Vivaldi's* Stabat Mater, Bach's cantata *Schlage doch* and Britten's Lachrymae (299901). Thurs and Fri: Valery Gergiev conducts the Bavarian Radio Symphony Orchestra (558080)
Herkulessaal der Residenz 20.00 Kremerata Musica plays chamber music by Messiaen and Schubert. Thurs: Liszt's oratorio Christus (346520)
Kammerspiele 20.00 Goethe's Stella directed by Thomas *Langhoff*. Thurs and Sat: Dieter Dorn's new production of King Lear (23721 328)

NEW YORK

Avery Fisher Hall 19.30 Kurt Masur conducts the New York Philharmonic Orchestra in Franck's Les Eolides and Symphony in D *minor, and Brahms' Second* Symphony. Thurs, Fri, Sat: Masur conducts Strauss and Beethoven (875 5030)
Carnegie Hall 20.00 Second of two piano quartet programmes with Isaac Stern, Yo-Yo Ma, Emanuel Ax *and Jaime Laredo (247 7800)*
Metropolitan Opera 20.00 Ralf Weikert conducts Il barbiere di Siviglia, with Frederica von Stade and *Thomas Hampson. Tomorrow:* Tannhäuser (362 6000)

PARIS

Palais Garnier 19.30 James Bowman sings arias by Handel, *Purcell and Vivaldi*, with *La Grande* Ecurie et La Chambre du Roy conducted by Jean-Claude Malgoire (4017 3535)
Opera Bastille 20.00 Noh theatre production with Yukio Mishima, also Thurs, Fri and Sat (4001 1616)
Théâtre des Champs-Elysées 20.30 Piano recital by Maria Joao Pires. Tomorrow: Il viaggio a Reims (4720 3637)

ROME

Teatro dell'Opera 20.30 *Daniel* Oren conducts Franco Zeffirelli's production of La bohème. Also Thurs and Sat (488 3641)

ROTTERDAM

De Doelen 20.15 Arnold Ostman conducts the Rotterdam Philharmonic Orchestra in Schubert's Rosamunde overture and five songs (soloist Kristin *Sigmundsson), plus* Mendelssohn's Scottish Symphony. Repeated tomorrow and Thurs (413 2490)
Kleines Haus 19.30 Ibsen's Nora. Thurs: Kleist's Broken Jug, new production. Sat and Sun: new ballet by Marco Santi, in a double-bill with Béjart's Operette (221795)

WASHINGTON

Washington Opera Tonight at 20.00 *in the Kennedy Center Opera* House: Cal Stewart Kellogg conducts Cav and Pag, with Ermanno Mauro as Turiddu and *Canio, repeated on Fri and next* Mon. Tomorrow and Sat: Heinz Fricke conducts Roman Terleckyi's production of Der fliegende Holländer, with James Johnson as the Dutchman and Linda McLeod as Senta. The season ends *on March 8 (416 7800)*
Kennedy Center Concert Hall Tonight at 19.00: Yuri Bashmet plays Schnittke's Viola Concerto with the National Symphony Orchestra conducted by Mstislav Rostropovich. Thurs, Fri afternoon, *Sat and next Tues: Tzimon Barto* is piano soloist in a programme conducted by Christoph Eschenbach. Fri evening: chamber music programme with Isaac Stern, Emanuel Ax, Yo-Yo Ma and Jaime Laredo (416 4600)
American Showcase Theater Beyond the Fringe: the British satirical revue created by Alan Bennett, Peter Cook, Dudley Moore and Jonathan Miller is revived by Nat Benchley, Megan Morgan, Richard Pelzman and Karen *Hutcheson (703-548 9044)*
Church Street Theater Frankenstein, based on the book by Mary Shelley and adapted for the stage by Barbara Field, is a Washington *Shakespeare Company* production directed by Richard Mancini. Runs till March 7 (1742 Church St, 703-739 9886)
Arena Stage The Father and The Stronger: two powerful, poignant plays by August Strindberg, *running till April 5* (488 3300)
Blues Alley Jazz Supperclub Tonight's guests are the Davey Yarborough Quartet. Tomorrow: 2 Bass Hit Debartolo Quartet, plus *Keter Betts. Thurs, Fri*, Sat and Sun: Diane Schuur, jazz/blues pianist and singer (337 2338)

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MONDAY TO FRIDAY

CNN
2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel
0830-0900 (Mon) FT East Europe Report – weekly indepth analysis from FTTV
0830-0900 (Tues) Spiegel TV – Intl Report – the real world of documentary
2130-2200 (Tues) Media Europe – what's new in European media business
2130-2200 (Wed) FT Business Weekly - global business report with James Bellini
0830-0900 (Thurs) Media Europe
2130-2200 (Thurs) FT Eastern Europe Report
0830-0900 (Fri) FT Business Weekly
2130-22.00 (Fri) Spiegel TV – Intl Report

Sky News
0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Fri) FT Business Weekly

SATURDAY

CNN
0900-0930 World Business This Week - a joint FT/CNN production
1900-1930 World Business This Week

Super Channel
1930-2000 FT Eastern Europe Report

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1800-1830 FT Business Weekly

Sky News
1330-1400, 2030-2100 FT Business Weekly

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Tuesday February 25 1992

Engineers and a welding job

IN A COUNTRY preoccupied by recession, unemployment and trains which fail to run on time, the role and structure of the UK's professional engineering institutions may seem too timeless a subject to merit scrutiny. Not surprisingly, therefore, the progress of a steering group charged with considering a new focal point for the profession scores low on the Richter scale of news.

But behind the group's work, launched in January and since welcomed by the government, lies a sad but undeniable paradox: UK professional engineers are highly regarded overseas for their skills, but at home they are Cinderellas in terms of pay and status. According to one recent survey, the UK comes fourth from bottom of the European league in net pay for both experienced and newly qualified engineers.

Professional engineers pin some of the blame for this on City short-termism that elevates accountants, rather than engineers, to the top jobs in manufacturing industry. In the turbulent 1980s, financial engineering often took precedence over the electrical, mechanical or civil variety in many large public companies.

But engineers must bear some of the blame themselves: as is implicitly recognised in the agreement of the Engineering Council (set up in 1981 by Sir Keith Joseph following the Finniston Inquiry into the profession) to a proposal which will probably lead to its own abolition.

A personal initiative unveiled last November by Sir John Fairclough, the council's chairman, calls for it to be replaced by a new federal body to co-ordinate the engineers' 46 distinct institutions. These bodies in turn have approved the formation of a steering group to point the way ahead.

Promote the status

There are big issues at stake: how better to encourage young people into engineering, to stimulate the provision of relevant degree courses, to promote the status of the engineer within industry and society, and to set standards of professional conduct to raise the public's confidence in engineers and their work.

To tackle any of these issues effectively, engineers need a body capable of speaking coherently and with authority. The Engineering Council, created by government but lacking the statutory authority that Finniston wanted, has made limited progress on some of the big issues but remains an unsatisfactory half-way house.

Too specialised

An unco-ordinated viewpoint on educational priorities, for example, explains partly why Britain has struggled so long and hard to produce degree courses to nurture the more broadly educated engineers employers say they want. One reason why so few engineers reach the boardroom is that too many of them are too specialised. There is no room in senior management for engineers who cannot communicate well and think laterally.

The new scheme is a welcome first step towards solving the problem of institutional fragmentation. A federal structure that brings power to the centre only on key issues – education, training, codes of conduct and the environment – should be workable if the more specialist institutions and their members are given a say, but not the power to veto necessary change.

That said, it must be admitted that the proposed new structure falls well short of the more unified professional system elsewhere in Europe. By avoiding shot-gun weddings among the institutions, the reformers should not duck the case for a season of arranged marriages.

Even with determined institutional reform, it will be a long time before Britain's 290,000 registered engineers and technicians win the status they covet.

But reducing structural confusion is a worthwhile start, and ought at least to help engineers to get their message across. Who knows, if ERM membership does eventually deliver for Britain a more stable manufacturing sector, the country's newly articulate and well-organised engineers might indeed be in a better position to climb the corporate greasy pole. That would be a desirable outcome from every point of view.

Arts heritage

"NATIONAL heritage in danger" is a moving cry. But is it a convincing one?

True, Hans Holbein's Portrait of a Lady with a Pet Squirrel and a Starling is on the auction block and Canova's three luscious lovelies are threatened by a fate worse than death. Like the Badminton Cabinet, Constable's The Lock, Van Dyck's First Duke of Hamilton and many others, these works may leave British shores.

Yet what have these works – some by great masters, some by lesser ones; one English, the rest continental; some by artists who worked in England, others by artists who did not – in common? Why are they all part of the British "national heritage"?

The answer to that question is simply possession. The work might have been unknown to the public and be British in nothing bar ownership, but it was there. Possession may be nine-tenths of the law, but must any work of art of foremost importance stay there forever? By the same logic, foreign masterpieces should not have been exported to the UK in the first place.

Works of art by British artists belong more obviously to the "national heritage", but should works by Turner or Constable not be seen and enjoyed around the world? And do those who want works by national artists to stay in the UK accept that works of Italian, Spanish, Dutch or German masters should, for the very same reason, have stayed in their native lands?

Trade in works of art has allowed the British to accumulate stores of artistic wealth greatly in excess of the value of its own output. But the wealth that made that possible has now departed. That is not a reason for forcing owners of great treasures to supply national collections on the cheap. It is a good reason for accepting that the people of other nations are also entitled to acquire the cultural artefacts that are among the principal blessings of wealth.

Unless "national heritage" means mere possession, it is an empty phrase. Works of art are the heritage of mankind. What is more, if exported, they will not be "lost". They will, on the contrary, be gained by others no less deserving and usually far worse endowed.

If the UK values these works as much as those who are panting to acquire them, it should pay the market price. If it does not, let them go to others who will appreciate them no less and seem to want them even more.

Terrorism law

THE CASE for Britain's Prevention of Terrorism Act, debated by the Commons yesterday, has always been difficult to make. It needs to be made with more conviction if the act is to remain.

Without question, the act seriously curtails civil liberties. It gives the police the power to carry out security checks on people entering or leaving the UK; to exclude suspected terrorists from the UK, Northern Ireland or Great Britain without charge; and to detain them for 48 hours without charge, with the possibility of another five days' detention with the authority of the Home Secretary. These are significant departures from the rules on the arrest and detention of ordinary criminal suspects.

Terrorism is not to be fought with kid gloves, but the suspension of fundamental human rights needs to be justified by measurable results. Yet the number charged with a terrorist offence after detention under the act has fallen from 26 in 1981 to just four last year. The number detained under the act has also declined sharply in recent years, but the proportion of detainees neither excluded nor charged has remained at about 80 per cent.

The government repeatedly seeks to make political capital out of the Labour party's commitment to repeal the PTA. Yet when the act – first introduced by a Labour government – was made permanent in 1989, ministers stated that the necessity for it would be monitored regularly. The last thoroughgoing independent review was conducted in 1987. If the government wins the election, it will be time for a further such review. Without one, the suspicion can only grow that its continuance has more to do with party politics than with fighting terrorism.

A painful birth

John Lloyd and Chrystia Freeland on Ukraine's increasing nationalism

Relations between Russia and Ukraine, the two largest Slav states, are worsening to the point of alarm.

At the weekend the Ukrainian foreign ministry sent a note to Marshal Yevgeny Shaposhnikov, commander of the Black Sea fleet, protesting that he had distorted the Ukrainian position on the fleet. Soon, it may call for his dismissal. An announcement that Ukraine has agreed with Iran to build a pipeline from Iran to Ukraine to supply the latter with oil is thought hazardous because it must run through Russian territory, and is vulnerable to being blocked. Where Russia claims to see the Commonwealth of Independent States as a stabilising force to preserve a forum for joint decisions among the former members of the Soviet Union, Ukraine scorns it as a hollow sham, to be discarded as soon as possible.

The force of the national movement in Ukraine is the largest threat to the Commonwealth's continued existence – as all Russian politicians recognise. Mr Yegor Gaidar, the Russian deputy prime minister, said recently that disintegration of the CIS threatened reform: but disintegration is precisely what Ukraine wants. The new leaders (many of whom were part of the old) are striving to build a modern nation state. There can be no doubt about the depth of the commitment of the new powers to this task, nor about the concomitant and apparently deepening distaste for the Russians, perceived increasingly as imperialists (ironically, as they begin the painful process of trying to cease to act like imperialists).

The Ukrainian flag flies everywhere: symbols are being designed, including notes for a new currency – the hryvnia – printed in Canada. Meetings begin with the singing of a Ukrainian hymn. In west Ukraine, which is more nationally minded because of its more uniformly Ukrainian population and proximity to central Europe, the Central (Moscow) TV is blocked. Passages from once-banned Ukrainian historians are read on the radio during the breakfast show. Early next month, Ukrainian jurists and scholars will meet with foreign advisers in Prague to finalise the Ukrainian constitution.

No Ukrainian politician sees the CIS as more than a temporary garment, to be discarded as soon as possible. Mr Leonid Kravchuk, the Ukrainian president and a man deeply disliked in Russia, told foreign journalists last week that he adhered to the agreements of the CIS that underscored the full independence of its members. In a separate interview, Professor Mykola Mykhailchenko, his chief political adviser, was less guarded, saying that the next summit of the CIS on March 20 in Kiev might be its last; that the Ukrainian leadership had "very little optimism" about its future and that "the member states will soon all have their own armies because they all have their own territorial problems".

Ukraine wants its own armed forces for the most basic of all military reasons: to protect the integrity of the state. Any delay in the division of forces is regarded as intolerable, because it prolongs the existence on its territory of a foreign army – a concept that the Russian-dominated CIS military, accustomed to seeing the Union as their recruiting ground and defensive space, simply refuses to grasp.

The division of the Black Sea fleet, a leading cause of conflict between the two states, illustrates this. Mr Boris Yeltsin, the Russian president, has described the fleet as Russian; Marshal Shaposhnikov, tactfully correcting the president in an interview in Paris, described it as a CIS force.

Either way, the Ukrainians see it as a non-Ukrainian navy occupying Ukrainian ports in the Crimea. Mr Kravchuk said last week a division must be made, with his own preference being for one third of it to be assigned to Ukraine. The protest that Marshal Shaposhnikov had distorted the Ukrainian position was because he had accused Ukraine of wishing to take over the entire navy.

In this struggle, Russian politicians have had no inhibition about playing the "Crimean card": demanding that the Ukrainian parliament review the status of Crimea, an area conquered by Russia, still dominated by Russians and arbitrarily switched from Russian to Ukrainian possession in 1954 by Mr Nikita Kruschev, the former first secretary of the Ukrainian Communist Party. Mr Mikhail Alexandrov, chairman of the important inter-republican committee of the Russian parliament, said in a recent interview that the 1990 agreement between the two states to respect each other's borders was no longer valid because it was signed when both were members of a third state, the Soviet Union.

So firm is the Ukrainians' wish to be wholly independent that they have renounced all nuclear weapons. The architect of this decision, Professor Volodymyr Vasylenko, an adviser on the constitution, said that "you cannot have a nuclear force which is not tied to the Russian nuclear force, because of technology and control systems. By being a nuclear power we would not have full independence. It was this argument which persuaded the government".

To these territorial tensions must be added political and economic disputes. Ukraine wants to "join Europe" as rapidly as possible (in part to provide for protection against border wars), and to conduct its own economic reform. In both cases, it feels crowded out by Russia. Mr Ivan Plyushch, the head of the Ukrainian parliament, last week accused Russia of blocking the Ukrainian path to the Council of Europe and ultimately to the European Community by presuming to negotiate for the CIS as a whole. Mr Oleksander Savchenko, deputy chairman of the Ukrainian National Bank, said that Russia was sabotaging the Ukrainian economy through non delivery of goods, refusing to supply enough roubles (printed by the Russian Central Bank), and conducting reform without regard to Ukraine's interests.

The suspicion and dislike operates at every level – including that of the radical parliamentarians, who in the past had forged a comradeship with their counterparts in Russia. Now, says Ms Laryssa Skrylyk, a deputy from Kiev, "the democrats are no different: they have the same imperial thinking as the other Russians".

These judgments are unfair: but fairness is not now the point. National imperatives are influencing all the actors on the Ukrainian political stage, forcing them to label as "western propaganda" – as Professor Vasylenko has done – the foreign press reports that cast doubt on the Ukrainian nationalist case. Perversely, it causes them to close round the figure of their president – perversely, because Mr Kravchuk was a lifelong and senior functionary of the party whom all (including he) now blame for Ukraine's oppression. Yet to raise this issue is again to be accused of "western propaganda".

Mr Kravchuk enjoys wide support which, alarmingly, led him to say last week that opposition to him was impossible, because he and all political parties were for Ukrainian independence. What, then, he asked, was there to oppose? The reasons for his support were put by Mr Levko Lukyanenko, one of Ukraine's honoured political dissidents, who spent a total of 27 years in jails and camps for his nationalist activity before being released in 1989. For him, as for other Ukrainians, Mr Kravchuk's past has ceased to matter: it is his present policy that matters. Asked if he was bitter to see a former oppressor in power, he emphatically said "no". "I am glad Kravchuk has come to the nationalist point of view. If he can continue to work in this way and achieve independence, I will support him."

Mr Kravchuk's metamorphosis from chief ideological opponent of the nationalists – his assignment when they first formed their mass organisation, Rukh, in 1989 – into their leader was completed last week, when he opened formal negotiations with the nationalist opposition on the formation of a coalition cabinet. After months of promises, Mr Kravchuk seems to be on the verge of replacing his communist comrades, who currently dominate the inert cabinet, with his erstwhile opponents. Western observers hope that such a switch will bring long overdue market reforms to Ukraine's wilting economy.

This is the attempted birth of a nation: a birth that is painful to the heart of the former "motherland", Russia. Like any severance between states in such a relationship – Britain and Ireland, say, or Sweden and Finland – there is an over-rich diet on both sides of hypocrisies, false charges, propagandist nonsense and downright lies. But what matters is the process: and at the end of that process comes separation.

Making waves for the world

Hugo Dixon and Michiyo Nakamoto on new frequencies

Generals and admirals use them, businessmen with their car phones depend on them and any future colony on the moon would need them.

Radio waves underpin military, mobile and space communications, and much besides. But waves assigned to one service cannot be used by others. If they are, the result is a jumble of confused signals.

This is the central preoccupation of more than 1,000 government delegates from about 100 countries who are meeting in Torremolinos, Spain, under the auspices of the United Nations. Their task is to revise an obscure but important backwater of international law – the radio regulations. These regulations specify which radio waves can be used for what purposes.

Current regulations – most recently revised in 1979 – have become outdated because advances in technology have led to a mushrooming in new services that need radio waves to operate. But those parts of the spectrum which are the most commercially exploitable are overcrowded. So new services are competing with each other and with existing users for a scarce resource.

The World Administrative Radio Conference, as the meeting is called, will set the framework for the whole gamut of radio-based services until 2000.

At the conference, powerful industrial interests are lobbying to influence decisions on the allocation of frequencies. Much is at stake because of the huge investment needed to develop new services. High on the agenda are high-definition television (HDTV), satellite telephones, global radio programmes and space communications.

Two main considerations will preoccupy the government-led teams: how to back their domestic industries, and how to cause minimum disruption to existing users of radio waves. More than 30 European nations have co-ordinated their conference aims, creating a powerful voting bloc. The US and Japan also have clear but rival agendas – largely because their industries have different technological approaches. It is the horse-trading between various national interests that forms the substance of the month-long conference.

If a deadlock should result, there is a provision for voting on the basis of one nation, one vote. A compromise seems the likely outcome, partly because services from different countries need to operate without interfering with each other.

An agreement is also necessary because only then can there be global technical standards and economies of scale. If equipment had to be manufactured to a variety of standards for each national market, costs would be high.

So far, delegates have agreed to free up frequencies for more radio programmes with global reach such as the BBC World Service. There is also broad consensus on making frequencies available for radio programmes to be beamed by satellite, telephones in aircraft and communications in space.

But there are two particularly contentious issues.

- HDTV. The US, Europe and Japan agree that frequencies should be allocated to HDTV but have proposed various frequencies. The US and Japan would like to use frequencies which the Europeans are using for fixed telecommunications links, while Europe wants frequencies occupied in the US by mobile communications and satellites.
- Mobile communications. The US is backing the idea that the next generation of mobile phones will involve bouncing signals off satellites, a technology where American companies are pre-eminent. The European nations favour the more conventional approach of sending radio signals along the earth's surface – a technology where their companies have expertise.

The European view of the future of mobile communications is still unclear. One idea in the industry is that it will be simply an evolution of the current cellular systems – with higher quality and smaller handsets. Some visionaries, though, say it will combine a telephone, television and computer on a terminal the size of a wrist-watch.

Even among those who argue that mobile satellite is the right approach, there are a variety of opinions. The best known plan is being promoted by Motorola, the US electronics group. It wishes to launch 77 mini-satellites that would circle the globe at 413 nautical miles above the earth's surface. The low height would allow customers to have small handsets similar to cellular phones because less power would be needed to communicate with the satellite.

An alternative plan by the International Maritime Satellite organisation – a multinational group owned by 65 telephone companies whose main function is to provide communication services to ships – involves satellites at a height of 36,000 kilometres, as well as at a lower orbit. This would allow them to be stationary above the earth's surface, thus reducing the need for sophisticated technology to track moving satellites.

In any event, the decisions in Torremolinos will not be the final word on radio communications. By the time the conference next meets in perhaps another decade, radio waves will be even more crowded and demands for frequencies from imaginative new services even more pressing than they are today.

OBSERVER

Macleods of that ilk

■ Who was really responsible for the mess at Western Isles council which invested £23m in BCCI and lost it?

The obvious culprit, as two external inquiries agreed, was Donald Macleod, the council's director of finance, who did not act on warnings about BCCI and was lax in the management of his department. He accepted responsibility, was dismissed by the special disciplinary committee in December and had his appeal against dismissal rejected by the council's appeals committee a few weeks ago.

But what about his superior, George Macleod, the chief executive? When the loss was revealed he said it was the first he knew of the council's investment in BCCI and hadn't realised the council had had such large reserves. Then, the day before the crucial council meeting to discuss the disaster, he announced that he was resuming his interrupted holiday. He was eventually coaxed back to work.

The council's disciplinary committee dismissed George Macleod in December for not overseeing the finance department properly, for not checking that the finance director had stopped borrowing and on-lending after being reprimanded for this in 1988 and for his handling of the BCCI crisis. But last Friday the appeals committee decided by a majority of seven to five to let him off with a final warning.

Loyalties strined

■ The Queen's recent visit to Australia will be remembered for the unusually large number of faux pas committed by her rebellious subjects down under. Among the more memorable was the Sydney Morning Herald's. It published a photo-portrait of Her Majesty in full regalia, only to discover that she was arrayed in the Order of Canada and the Canadian Order of Military Merit instead of the Order of Australia.

The error was spotted by Sir David Smith, a former secretary to the Governor-General, who clearly knows his medals. The Herald is blaming London, though whether it means its own office, Australia House or the city generally is not clear. Canada's Conrad Black, the new owner of the Sydney Morning Herald, is going to have to do better than that if he wants to earn his knighthood.

With ice

■ We've seen skeletons advertising video tapes; now onto our screens may come a Stone Age corpse extolling ice-cold beer. Homo tyrolensis, a hunter who supposedly froze to death while trying to cross the Alps 5,000 years ago, is costing his guardians, the University of Innsbruck, a lot of money. So Johann Moser, the university's dean, is searching for corporate sponsors to cough up nearly $2m to pay for the experts and research facilities needed to find out all there is to know about life way back when. In return a sponsor would get promotional rights to one who is almost perfectly preserved.

At the time of death our hero had collected some sloes in a bone beaker. Perhaps a gin manufacturer would care to fulfil his order.

PR Prod

■ Following hard on last week's totally blank press release from HM Treasury comes the almost completely blank invitation to "a private view of the launch commercial for the new Volkswagen Golf". The large white card is empty save for a half-inch rectangle of tiny print and a VW logo.

On the other hand, Observer now receives so many invites to the launch of this, that, and the other new advert, that a blank one is quite welcome. Once upon a time new commercials were simply flung at the unsuspecting public; now they have to be accompanied by fripperies – champagne, cassettes, glossy brochures and other gimmicks – which once went with the launch of something more than 30 seconds of TV time.

"We're waiting for our electoral bribe before we consume our way out of the recession"

Desert storm

■ Jean-Marie Descarpentries, one of the more colourful members of the French business elite, has made it back from his short absence in the corporate desert.

But the title of European development adviser to Novalliance, a medium-sized French packaging-to-property industrial group with a FFr 10bn turnover, seems distinctly small fry for the likes of Descarpentries who, until last September, was in charge of CMB Packaging.

The show-case merger between Carnaud and Metal-box Packaging, two pillars of the French and British establishment, was, however, dogged by serious friction between respective management styles. The ebullient Descarpentries – who made his initial mark by taking CMB executives on a get-acquainted session to the Jordanian desert – stood aside four months ago.

Accused by some executives of trying to divide and rule, he had been better appreciated when engineering the recovery at loss-making Carnaud – in the early 1980s a company sorely in need of the Descarpentries touch. Now Novalliance seems eager for an injection of the decentralist philosophy which is his trademark. It may have got more than it bargained for.

Love and war

■ Anyone in any doubt that the Tories will be losing one of their few remaining mavericks now that Alan Clark is bowing out of the Commons should look no further than the last Christmas edition of New Statesman & Society.

When the member for Plymouth Sutton was asked to nominate the book that pleased him most, he chose Gabriel Garcia Márquez's "Love in the Time of Cholera". While the choice was not especially noteworthy, the reason given was more interesting. "For anyone who has been in love – really in love, I mean, which (alas for them) doesn't apply to all – this is the book," he opined.

Hardly the language one would expect from the minister for defence procurement. But all the more refreshing.

Do or die

■ Seen on a pub menu-board in Wiltshire:

"If you eat here, you won't get better."

Philips faces its moment of truth

Michiyo Nakamoto and Ronald van de Krol on the company's emphasis on consumer electronics

When Mr Jan Timmer, *president of Philips*, unveils last year's results on Thursday, he will highlight the group's shift in emphasis towards consumer electronics and reveal to what extent it has recovered from the black year of 1990.

That year, which saw record *losses of Fl 4.24bn (£1.3bn)*, prompted an ambitious restructuring: non-core businesses have been disposed of and the company's technological strengths have been brought to bear on new consumer products. *This* week's news is expected to show that, while the company made a small profit last year, the revival has largely been the *result of cost-cutting* rather than success in new products, many of which are still in the planning stage.

The group's assessment of how it fared in its year of reckoning is of interest not only to *investors worried about its* financial health. As one of the few remaining diversified European electrical and electronics companies, Philips is a champion of a cause – the maintenance of an independent European capability in electronic technologies.

As such, its ability to turn its financial fortunes around will have consequences extending *far beyond the boundaries* of the group's home town of Eindhoven, in the Netherlands. It will also show whether Europe will be able to maintain electronics concerns that can compete globally.

A year ago, Mr Timmer made a resounding pronouncement about shaking the group back into competitiveness and returning it to long-term profitability. In the first nine months of 1991, 24,200 jobs – about 9 per cent of the total – were cut. Changes in top management, including the replacement of the head of the consumer electronics division, have been implemented.

The aim of his corporate strategy, as gleaned by the divestments and investments he has made since becoming president nearly two years ago, *has been to bolster the predominance* of consumer electronics in the group's businesses.

Last year, Philips disposed of its loss-making information *systems division; sold off its* remaining stake in Whirlpool International, its white goods business; and pulled out of its telecommunications joint venture with AT&T. The moves were welcomed as indicating a new-found willingness to take *tough decisions*.

The picture that emerges is of a group in which the technology-driven strategy that made Philips, the great innovator, a loser on the high street, is being replaced by a more market-driven initiative.

The central element of this *strategy*, the focus on consumer electronics, is hardly surprising. The division represents nearly half the group's revenues, accounting for 45 per cent of total revenues of Fl 55.8bn in 1990.

What is new, however, is the greater emphasis on software, such as music recordings and videos, and expansion of the group's distribution network. This strategy clearly emerges in Mr Timmer's most eye-catching investments.

This month, he agreed to spend $175m on a 25 per cent stake in Whittle Communications, the US media company – a step towards a 33 per cent *holding. Philips sees* Whittle as a vehicle for promoting one of its latest products, Compact Disc-Interactive (CD-I), a CD player which, when hooked to *a television set, allows* the viewer to combine sound, image and graphics.

Whittle already enjoys unusual access to US schoolchildren – a prime potential market for CD-I's educational applications – through its 12-minute news programme called Channel One, which it beams to nearly 9,000 US high schools (partly with the help of Philips equipment) every day.

The US investment is part of Philips' wider efforts to ensure not only that consumers have the necessary software to run on their Philips hardware, but also that the company will be in a position to control the outlets for that software.

To this end, Mr Timmer has concentrated the group's relatively scarce resources in building up a network of interests in the video-rental business in continental Europe, the UK and the US. This emphasis has been controversial, partly because Philips was itself making losses in video rental and *was forced to rescue Super* Club, the loss-making Belgian chain in which it had a stake.

But this web of interests in video rental will give it access to thousands of "software" outlets in north America and north-west Europe, which it hopes to use to promote new "hardware" like CD-I.

Philips increasingly sees software as a valuable activity in its own right, both as a *source of dependable profits* and a counter-weight to consumer hardware price wars.

Although Philips does not break down profits by product group, its 80 per cent stake in PolyGram, the London-based music company, has in recent years been a main source of profits in consumer products.

It now evidently assumes that having influence over the software played on its videocassette recorders and televisions will be equally lucrative: it frequently cites 1989 figures from the US showing that consumers spent $9.5bn on video software that year, $500m more than they spent on TV sets.

But while Philips's new market-driven strategy marks a bold departure, the impact has yet to be felt on the company's *profits. The group's performance* in 1991, its centenary year, is expected to show that, while Mr Timmer and his management team have made some *progress, there is still a long* way to go. Recession in many of its principal markets and the difficulties in changing attitudes in the company's large bureaucracy have slowed the benefits of restructuring.

An unexpectedly strong swing back into profitability in the first three quarters of last year has raised hopes. A loss of Fl 2.2bn in the third quarter of 1990, for example, was *transformed into profits of Fl 188m* in the same period in 1991.

But a careful scrutiny of the numbers indicates that the improvement is due largely to the benefits of having taken out a big slice of costs in the *form of staff cuts. The costs of* the restructuring were taken *as provisions against profits* in 1990 – an important factor in the group's losses that year.

More worrying, profits in the consumer electronics division, which comprise more than 40 per cent of group revenue, *have been slipping steadily* throughout the year as increased competition in a recessionary environment has eaten into margins.

In spite of the cost reductions achieved so far, the group *is still highly indebted and financing* costs last year are expected to be as high as 50 per cent of operating profits.

This level of financing costs is crippling at a time when new products, such as CD-I and *high definition television*, still require large investments. HDTV investment is likely to cost several hundred million guilders.

Unless financing costs can be brought down, they will have a lasting impact not only on profitability over the next few years but also on the company's ability to stay ahead in product innovation, says Mr *Peter Knox*, electronics analyst at stockbroker UBS Phillips & Drew.

With shareholders increasingly vocal in their criticism of Philips' *management, the company* can no longer afford to take such a long-term view of its investment in product development, admits one Philips official.

The combination of the group's financial pressures and the need to placate shareholders means that Mr Timmer will need to perform a careful balancing act when he declares the company's dividend policy in two days' time.

If analysts are right and Philips fixes the 1991 dividend at about Fl 0.50 compared with its last pay-out of Fl 2 in 1989, the message to staff and to investors will be clear: some progress has been made but a lot needs to be done.

The real test will come in the next two to three years. This will be "own-up time" for the *group, as one spokesman for* the company puts it. During the period, at least one of the technologies that Philips has been pouring money into – DCC, wide screen TV and CD-I – must reap profits.

Unless the group can deliver in that time, Philips could return to the gloom of 1990. It would then have to face a much more radical shake-up than Mr Timmer's current exercise.

Mr Timmer will need to perform a careful balancing act when he declares the company's dividend

Struggle to stay above water

	Sales 1990 Guilder bn	1991 Q1	Q2	Q3	Income 1990 Guilder million	1991 Q1	Q2	Q3
Lighting	7.03	1.75	1.80	1.75	419	135	126	108
Consumer products	25.40	5.71	5.84	6.39	1,712	298	191	180
Professional products & systems	13.06	2.60	3.22	3.02	18	70	181	109
Components	8.16	1.99	2.16	1.94	-11	65	166	120
Miscellaneous	2.12	0.48	0.47	0.45	144	15	42	-10
Income not attributable to a specific product sector					-22	71	-27	-39
Total	55.76	12.51	13.49	13.49	2,260	655	679	469

Joe Rogaly

Scotland the grave

Scotland will devour the energies and perhaps the spirit of the next British government. This is the privately-expressed fear of many Westminster politicians, more than *a handful of whom are members* of Mr John Major's cabinet. I hope they are right. The United Kingdom is ill-served by the historic complacency of the English. If the Scots oblige the infuriating tribe *south of the border to think* afresh about how we run our polity they will benefit everyone. If they puncture the illusion of grandeur that – nearly half a century after the end of the Second World War – *still haunts the English*, we can only cheer.

Mr Major disagrees. Like every prime minister before him, he has begun to reflect upon the *historic greatness of* his office. It happens to them all. Becoming the temporary tied tenant of Number 10 Downing Street is a rush of Ecstasy to the head. You are host to Gorbachev, Yeltsin, *Reagan*, Bush. *You take your* turn as chairman of the UN Security Council, the Group of 7, the EC, or appear as first among equals at meetings of *heads of Commonwealth gov*ernments. This sense of being in the control room of the civilised universe is given an electric charge by the thrill of being assured that you are doing some good. For you are supported by highly competent officials. On most days, you can reasonably claim, Britain's influence in *international* forums is beneficial.

Back on earth, the prime minister's speech in Glasgow on Saturday could be read as an *intimation to the Scots* that if they choose separation from the United Kingdom they will no longer be part of all this. This is to make them *face up to the consequences to* themselves of putting the union in jeopardy. It could, however, be interpreted as a warning that if the Scots go, *so might the Welsh* and Northern Irish. That would leave little England exposed as a small offshore country, deserving of relegation.

The second interpretation is consonant with Mr Major's statement that the debate on Scotland's future is "a matter that transcends the election". A sense of playing a leading part in world affairs also explains his *passionate* affirmation that "England and Scotland, Wales and Northern Ireland together are far, far greater than the sum of their parts".

The same argument gives *verisimilitude to the claim* that Conservative support for the union is disinterested. Floating Scotland free would detach Labour's majority from Westminster, ensuring Tory rule until kingdom come. "And yet," said Mr Major, "it is our party that supports the union. Not because it's always been good for us, but because it's always seemed *right* to us."

The Glasgow speech was *not all passionate declaration.* It set out lines for Conservative participation in the debate on Scotland's future. The government may be wrong about Scotland, but at last the prime minister is taking the argument seriously. Mr Major proclaimed himself a unionist because, he insists, the true choice is between a possibly modified status quo and outright *separation* of Scotland. He rejected a third option, devolution of powers to a Scottish parliament, as unworkable, expensive, and likely to lead to separation.

The Major choice: a modified status quo or separation for Scotland

Yet there is nothing in his speech that would prevent a Conservative government elected on April 9 from turn*ing around on April 10 and* accepting that devolution is on the agenda. The conventional wisdom is that it would *have* to do so, since on most *calculations* there would be a mere taxicab full of Scottish Tories left in the House. This is not so. As prime minister of a minority or low-majority government, Mr Major would have at least three choices.

First, he could attempt to tough it out, and appoint English ministers to run the Scottish office, following past examples in Wales and Northern Ireland. Second, he could try to do a de Klerk and challenge the Scottish Nationalists to a referendum. If the offer was separation or nothing, *the Nationalists might* lose. The status quo would be maintained, give or take a few mollifying gestures in the shape of modifications to the operations of the Scottish office. His remaining option *would be to accept that many* Scottish Conservatives want to revert to its pre-Thatcher pro-devolution stance.

If he proves happier with the first two of the above options than the third it will be *because of a genuine fear* of an unravelling of the United Kingdom. I believe this to be misplaced. The worst and most unlikely outcome of devolution would be the eventual choice of Baltic-style *independence by all three* Celtic states. That would leave England, with 83 per cent of the population of the UK, well able to struggle along in the best 54 per cent of its land area. Within the EC, *there would* be no frontier checks unless they were imposed by England in a fit of pique. If Treasury figures about the cost to English taxpayers *of maintaining their* burdensome peripheral cousins are correct, Mr Major could reduce the standard rate of income tax to below 20p at a *stroke*.

This takes the argument to extremes. The prime minister rightly charged that Labour's proposals for devolution are *financially unconvincing*. There is also the thorny question of Scottish representatives at Westminster voting, or not voting, on devolved matters. It needs an answer, even if that is no more than a reduction of the number of Scottish MPs and a restructuring of the committee system. *Labour squirms around this.* For Mr Major to say so serves the politics of the moment, but that is all. The Tories should look for a satisfactory *framework for devolution*, including consequential changes at Westminster. All that is being sought is a regional assembly, or *entrenched local self-government*. This is something Spain knows much about and France is wrestling with. Only England, whose elective dictatorship deprives its rulers of an understanding of shared power, recoils.

LETTERS

Health reforms answer to demographic change

From Dr Kosta Manis.

Sir, In the battle of statistics on the National Health Service ("Temperature rises over NHS reforms", February 20), there is a vital one missing. Within the next nine years there will be a 50 per cent increase in those aged 85 and *over*, adding an extra 17 per cent to the health bill.

Bearing in mind that the NHS already spends 40 per *cent of its resources on the old* age pensioners, that the medical technology costs are spiraling, and that there will be a reduction in the tax-paying workforce *from* a drop in the birth rate, it is only a matter of time before the Treasury gives up as the sole provider.

It is therefore inevitable that *whichever party wins the next election will have no choice* but to examine new ways of financing health care.

I have recently applied to become a fund-holder because I believe that the real strength of the reforms is that they have introduced devolution in medicine, by shifting powers from Whitehall to the districts – *Home Rule for GPs!* At a local level the huge problems from the expected demographic changes can be dealt with much more efficiently.

I was therefore disappointed to read in your leader today that Labour will abolish the *reforms, if elected, and return* to a centralised bureaucracy.

Kosta Manis,
Erith Health Centre,
Erith,
Kent

Finance: the common ground between management disciplines

From Mr Arthur Forrest.

Sir, There is some truth in Mr Willis' reply (Letters, February 20) to the suggestion by Mr Akio Morita, chairman of Sony, that accountants should not lead industry.

As with all generalisations, examples can be found to prove the point, but neither Mr Willis nor Mr Morita can deny that the only real common ground between disciplines in any business, whether in engineering or not, is finance.

Relations with the workforce are not entirely influenced by *money but the level of the pay* packet will always be an inescapable factor. How is a company to afford competitive pay if it ignores the economics of *its products and markets?*

A similar question arises over investment in the development of new products. It is not enough to let ideas from the grass roots be turned into products without considering the common ground of money where today's investment is tomorrow's profit. Not many businesses will prosper without these and other financial disciplines.

Certainly, vision and leadership in business is an essential ingredient for success in the UK as well as in Japan and some accountants at the helm of British industry lack such skills and could be criticised *for detachment* and "short termism".

However, the FT's report (February 20) of losses at Sony suggests the emphasis on technology in management may not offer a *foolproof* solution either.

Perhaps Mr Morita is wishing now he had a better balance between *finance* and other skills in his boardroom.

Arthur Forrest,
managing director,
Eaton-Williams Group,
Station Road,
Edenbridge,
Kent TN8 6EG

Inspiration should be gained from the future, not the past

From Mr Ronald Mellor.

Sir, Why do we British, *as a* nation, have such an urge to indulge in nostalgia when we try to improve our future? Moves by political parties to create national networks *of* technology centres are welcome, but must we name them after Faraday or Newton? ("Parties agree on technology *plans", February 20).*

Cannot inspiration be gained from the excitement and challenge of the future without looking to names from the past? *We must look forward or* our fortunes are doomed.

Ronald Mellor,
secretary,
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Mechanical Engineers,
1 Birdcage Walk,
London SW1H 9JJ

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

More a grande dame than a woman down at heel

From Dr Hélène Seppain.

Sir, Joe Rogaly, in his column "Beurre Heseltine" (February 21), describes Mrs Margaret Thatcher as "She who regarded herself as the sole *bonne femme*". I cannot believe this to be true. *Une bonne femme* denotes a total lack of sophistication, namely a woman down at heel and rather vulgar.

Mrs Thatcher may well have seen herself as the sole *grande dame* as she assumed the airs of an absolutist monarch. I suggest that He who regards himself as *un homme du monde* should first check his French.

Hélène Seppain,
174 Huntingdon Road,
Cambridge CB3 0LB

Lloyd's must be resolved without bitterness, abuse and rancour

From Mr Tom Benyon.

Sir, In the wake of your article, "Multiple damages on Lloyd's" (February 19), I wish *to correct an impression* that I have been promoting "allegations... which must be treated with considerable caution". I have striven not to say things that were either gratuitously damaging or spread rumours which *seemed to be travelling* quite fast enough without my help.

And, in any event, there are enough problems for my membership to cope with without me having to invent more. *Inter alia, I have not* alleged that malpractice is rife. Nor have I said that I thought Lloyd's faced a solvency crisis.

On numerous occasions last week I was asked my views on these matters and I have either refused to comment or I have denied the rumour that the questioner hoped to confirm. Then I was repeatedly asked *whether I was calling for Mr* Coleridge's resignation. I said that I thought he was doing well in dreadful circumstances and what good would his resignation do anyway? Then I was asked if I thought that self reg*ulation should* give way to outside regulation? I said that I thought the present governance should change but outside regulation might make matters even worse.

None of my replies was printed *or broadcast.*

Perhaps those who are sought by the media to comment would reflect that competent *soldiers always seek to* ensure that the bits they shell do not land back on to their own heads. And that explosions, flashes and smoke presently generated might present a pretty spectacle for a time but *the reality is they obscure* the real battleground.

We need quietly to settle down and work out what we are going to do about the fact that 100 per cent of the losses have descended on to 25 per cent *of the membership*. In such quantity, they face possible ruin now and certain ruin in the next three years.

The fact these losses have fallen *on* those Names appears to be arbitrary. Often, sufferers were not told of the risks attendant on the spiral syndicates, *nor could they tell* a good agent from the not so good. They trusted too much. This is seen by everyone (except the 75 per cent of the membership who share cheques for around £500m) as manifestly unfair *and the engine for the current* hysteria.

But mutualisation has already started in the Warrilow and Outhwaite settlements. It must continue without bitterness, abuse and rancour and *without the process being* towed endlessly through the courts and the media.

Tom Benyon,
The Society of Names,
The Old Rectory,
Adstock,
Buckingham, MK18 2HY

FINANCIAL TIMES
Tuesday February 25 1992

President sets South Africa's whites-only poll on the constitution for March 17

De Klerk calls for reform mandate

By Patti Waldmeir in Cape Town and Philip Gawith in Johannesburg

SOUTH AFRICA'S whites will vote on March 17 to decide whether to replace apartheid with a negotiated new constitution. The referendum will determine the future of political reform and of the country's president, Mr F.W. de Klerk.

"I have to know that those who gave me a mandate in the first place are still standing by me," Mr de Klerk said in a televised address as he announced the date of the poll and the referendum question.

Voters will be asked: "Do you support continuation of the reform process which the state president began on 2nd February, 1990, and which is aimed at a new constitution through negotiation?"

The president made clear the referendum would be the last chance for whites to stop the process of reform; no further poll would be held to ratify a new negotiated constitution.

The prospect of such a poll – which would have given whites a veto – had become a big point of contention between the government and the African National Congress.

The white supremacist Conservative party was meeting last night to decide whether to boycott the poll, on the grounds that its leaders were not consulted in drawing up the question and because the government has refused to count votes by constituency, a method which favours the Conservatives.

Conservative supporters would be expected to vote "no" in the poll, because their party opposes negotiated power-sharing with blacks. But the vote will also pit the personality of the charismatic and shrewd Mr de Klerk against that of the dour Mr Andries Treurnicht, the Conservative leader.

A Conservative boycott would represent a tacit defeat for the party and would substantially reduce its influence over white politics.

Recent opinion polls have shown that Mr de Klerk commands majority support among whites, and the only other large white party, the liberal Democratic party, has given him its backing.

Daily newspapers have declared their support for Mr de Klerk, and the state broadcasting media are likely to favour the ruling National party, with its campaign of "vote Nationalist or vote war". Mr de Klerk has said he and his government will resign if he loses the vote.

Mr de Klerk said his National party would seek ways to protect white rights in a new constitution through power-sharing and guarantees of property rights.

The ANC yesterday detailed its proposals for a multiracial interim government, which contained reassurances for whites frightened of majority black rule.

Mr Thabo Mbeki, a senior ANC leader, said that he believed agreement could be reached on interim government by April.

The ANC envisages an interim government council formed from the 19 parties and groups attending the talks, known as the Convention for a Democratic South Africa.

Transporters loaded with GM cars outside the assembly plant in Lansing, Michigan yesterday

GM announces record annual loss and plant closures

Continued from Page 1

loss represented a significant improvement over the previous four quarters, and this was due partly to GM's cost-cutting efforts.

"We are committed to substantially resizing GM's North American operations to achieve full competitiveness as quickly as possible," he said. "I expect GM's quarterly earnings to improve into 1992."

On Wall Street, GM shares closed down $⅝ at $37¼.

The $4.5bn full-year loss broke the US record set in 1987 by Texaco, the oil company, which reported a $4.1bn loss. In 1990, GM lost $2bn, after a $2.1bn after-tax charge for plant closures.

Mr Stempel announced "fundamental changes" in the management structure of GM's North American operations.

These involve changing the manufacturing and marketing framework of GM's three divisions and forming a special strategy board to oversee the transition. GM's five technical staffs are being cut to three.

The United Auto Workers union said it intended to "vigorously enforce" its contract with GM, which virtually guarantees continued pay to laid-off workers.

Airbus told to alter parts of A320

By William Dawkins in Paris and Daniel Green in London

THE FRENCH government yesterday ordered Airbus Industrie, the European aircraft consortium, to make changes to the cockpit design of the A320, the aircraft which crashed in eastern France last month, killing 87.

The instruction, from Mr Paul Quilès, the transport minister, which followed publication of the independent investigators' preliminary report into the crash, will be seized upon by critics of one of the most technically advanced aircraft in the air. They claim that the computerised controls can confuse pilots and leave them unprepared for emergencies.

The report said changing the cockpit layout could cut the chances of pilot error. Airbus Industrie set up a team to examine possible changes, while Lufthansa, the German airline which has more A320s than any other carrier, and British Airways said they would study the report's findings. The report did not identify the cause of the crash. This should be in the final version which could take another year to produce.

The investigators made three recommendations: to review the layout of the descent controls; to make all passenger aircraft carry alarms to alert pilots when they are approaching the ground; and to review the placing of the aircraft's emergency radio beacon.

Specifically, there was concern that displays might make it easy to confuse an instruction by the pilot to the aircraft to descend at a set angle with one to descend to a set height.

Mr Alain Monnier, head of the inquiry, said: "Among the scenarios we are studying is a confusion, undetected by the crew, between the two modes of descent." He said this did not mean "the commission of inquiry has decided on the most likely scenario or scenarios of this accident."

Mr Quilès asked the French civil aviation authority to ensure that all French airlines installed ground proximity alarms – currently not obligatory in France – by June. Air Inter, the domestic airline operating the A320, had intended to install such systems by the summer.

The crash happened when an A320 operated by Air Inter, the French domestic airline, hit a snowy mountain ridge on a night approach to Strasbourg airport, in eastern France.

The A320's radio beacon, carried in its nose, was smashed on impact, and rescuers took four hours to find the aircraft.

Asia-Pacific region, Page 6

Spain might follow if UK cuts rates for election

By Peter Bruce in Madrid and Peter Marsh in London

A SLIGHT easing in money-market interest rates in Madrid late last week has generated strong speculation in the Spanish capital that the Bank of Spain will trim its official intervention rate at a regular bill auction today.

Bank of Spain officials declined to comment on rumours that they might reduce the intervention rate, now at 12.65 per cent. But senior Spanish officials have hinted for the past two weeks that they might be prepared to cut rates if the UK, in an effort to stimulate the British economy ahead of a general election, were to do likewise .

The peseta and sterling currently mark the ceiling and floor respectively of the European Monetary System's exchange rate mechanism and their rates of exchange are obliged to remain within 6 per cent of each other.

In a newspaper interview at the weekend Mr Carlos Solchaga, finance minister, conceded that Spain might have to follow a UK cut. "The impact [of a UK cut] on Spanish rates will depend on how deep it is. If the UK cut is small we may not have to cut ours," he said.

There was no indication last night in London of an imminent cut in UK base rates, now at 10.5 per cent.

Inflation is likely to continue rising in Spain for most of the first quarter, and most Spanish analysts insist that there are, at present, no pressing domestic reasons for easing monetary policy. But Mr Solchaga also noted that the apparent slowing in wage rises this year would provide some relief for the authorities in case they are forced to cut rates today.

Money markets, Page 38

Kerrey and Harkin pin hopes on South Dakota

By Nancy Dunne in Washington

THE FOCUS of the US presidential primaries shifts to South Dakota today where the two midwestern Democrats – Senators Bob Kerrey of Nebraska and Tom Harkin of Iowa – are engaged in a duel which could kill off their campaigns.

After finishing third and fourth respectively, in the New Hampshire primary last Tuesday, each senator must show significant strength in his regional home base if he is to raise enough money to stay in the race.

The most recent polls have Mr Kerrey leading the field. However, these were taken before a contentious debate on Sunday night gave many Dakotans their first in-depth look at the national front-runners, Governor Bill Clinton of Arkansas and former Senator Paul Tsongas of Massachusetts.

Mr Tsongas stumbled on Sunday in the Maine caucuses. What should have been an easy victory, after his first place finish in New Hampshire, ended in a close race with former Governor Jerry Brown in California. The quirky Mr Brown turned Mr Tsongas's support for nuclear power into a campaign issue and exposed vulnerability in the pro-business candidate.

These early races have little to do with collecting supporting delegates for the party's convention.

They are skirmishes, demonstrating a candidate's electability, and the name of the game is to create sufficient momentum to carry him into the larger races in the south on March 10, then Michigan, Illinois and New York.

Mr Harkin, a "prairie populist" with strong union and farm group support, ought to win in South Dakota if he can win anywhere. But he was badly wounded by his poor showing in New Hampshire.

Mr Kerrey, an extraordinarily popular figure in neighbouring Nebraska, a war hero who calls for a restructuring of government and "fundamental change" in US domestic policies, has sought to demonstrate a grasp of rural issues. With a victory in South Dakota, he could sell himself as an appealing candidate if the front-runners falter.

But the voters, who have been full of surprises this year, could move towards Mr Clinton, a "farm state governor" who turned in a smooth debate performance on Sunday. Mr Tsongas made much of his wife's South Dakota origins and promised to appoint an agriculture secretary who "will be committed to preserving the family farm".

A stronger than expected finish could give either Mr Clinton or Mr Tsongas a boost ahead of next week's key Maryland primary. There Mr Tsongas must win to demonstrate an appeal outside his native New England.

On the Republican side, the White House has yet to recover its equilibrium after President George Bush's weak win over right-wing commentator Mr Patrick Buchanan in New Hampshire. Their biggest return match is slated for Georgia next Tuesday.

The president's strategists have been torn over how to handle Mr Buchanan but are seeking to placate party conservatives. Last week Mr Bush fired the controversial chairman of the National Endowment for the Arts, long a demand of the Republican right.

German bank has the stomach for a strike

Continued from Page 1

the failure of negotiations with the employers last week. The unions are demanding a pay rise of 10.5 per cent and shorter working hours. The employers have offered a flat 5 per cent pay increase.

There were two other examples of action. A walkout at the cash delivery centre at the head office of the Hamburg Savings Bank from 5am to 8am prevented any vans leaving to deliver cash to the branches, and at the Düsseldorf branch of Commerzbank 450 workers stopped work for three hours.

A spokesman for the DAG white-collar union explained that industrial action would move to other big banks and would be spread more widely across the country later in the week.

Mr Jürgen Stein, the head of the banking employers' federation in Cologne, said that yesterday's strike had had "absolutely no effect on business" and that there was no way the banks would be pressured into making a generous settlement.

The solitary picketer in the Mainzer Landstrasse said he knew all about the Bundesbank's tough interest rate policy and a slowdown in the German economy, but insisted that things were different in the banking sector.

"The banks are going to report record profits this year" he said.

"There is no way we will settle for less than 6 per cent."

Banks are unconcerned about the impact of a strike. Union membership, at only about 20 per cent of the workforce, is much lower than in the industrial sector, and employers say that only a minority of even union members is prepared to engage in strike action.

"People are embarrassed and upset at having anything to do with a strike ," said Mr Peter Pietsch, economic commentator at Commerzbank.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	S	14	57
Algiers	F	17	63
Amsterdam	C	7	45
Athens	S	10	50
Bahrain	F	22	72
Bangkok	F	32	90
Barcelona	F	12	54
Beijing	S	7	45
Beirut	T	7	45
Belfast	R	7	45
Belgrade		–	–
Berlin	S	5	41
Biarritz	S	15	59
Bombay	S	[illegible]	[illegible]
Bordeaux	S	13	55
Boulogne	C	8	46
Brussels	C	[illegible]	[illegible]
Budapest	S	[illegible]	[illegible]
Buenos Aires	F	25	77
Cairo	R	7	45
Cape Town	C	21	70
Caracas	C	27	81
Casablanca	C	16	61
Chicago	C	[illegible]	[illegible]
Cologne	C	[illegible]	[illegible]
Copenhagen	F	[illegible]	[illegible]
[illegible]	S	14	57
[illegible]	C	[illegible]	[illegible]
Dublin	C	11	52
Dubrovnik		–	–
Edinburgh	R	8	46
Faro	Dr	13	55
Florence	S	12	54
Frankfurt	C	8	46
Geneva	S	7	45
Gibraltar	Dr	13	55
Glasgow	R	8	46
Helsinki	F	[illegible]	[illegible]
Hong Kong	S	[illegible]	[illegible]
Innsbruck	S	7	45
Inverness	C	8	46
Islamabad	C	20	68
Istanbul	Sn	-1	30
Jakarta	R	32	90
Jersey	S	8	46
Johannesburg	S	28	82
Lima	F	28	82
Lisbon	S	12	54
London	F	8	46
Los Angeles	S	12	54
Luxembourg	S	[illegible]	[illegible]
Madeira	F	17	63
Madrid	F	[illegible]	[illegible]
Majorca	F	14	57
Malaga	R	11	52
Malta	S	14	57
Manchester	F	9	48
Manila	C	32	91
Melbourne	C	15	59
Mexico City		–	–
Miami	F	22	72
Milan	S	10	50
Montreal	S	-12	10
Moscow	Sn	-6	21
Munich	S	8	46
Nairobi	S	28	82
Naples	S	14	57
Nassau	C	[illegible]	[illegible]
New Delhi	S	21	70
New York	C	4	39
Nice	S	13	55
Nicosia	F	[illegible]	[illegible]
Oporto	F	14	57
Oslo	F	5	41
Paris	S	8	46
Prague	S	8	46
Reykjavik	Sn	-2	28
Rhodes	F	7	45
Rio de Janeiro	F	[illegible]	104
Rome	S	13	55
Salzburg	S	7	45
San Francisco	S	9	48
Seoul	F	1	34
Singapore	F	27	81
Stockholm	F	3	37
Strasbourg	F	7	45
Sydney	C	18	64
Taipei	F	20	68
Tangier	F	13	55
Tel Aviv	R	5	41
Tenerife	F	19	66
Tokyo	F	5	41
Toronto	S	[illegible]	[illegible]
Tunis	S	[illegible]	[illegible]
Valencia	F	11	52
Venice	S	11	52
Vienna	S	8	46
Warsaw	S	5	41
Washington	[illegible]	7	45
Zurich	S	7	45

Temperatures at mid-day yesterday C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

THE LEX COLUMN

Vickers cuts it fine

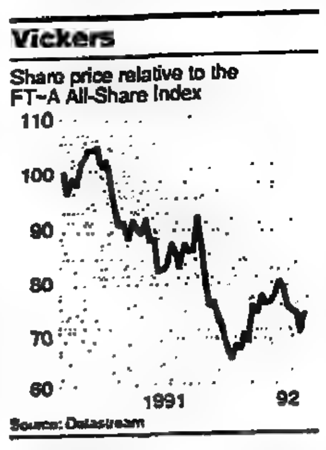
The market's reaction to Vickers' results confirms the market's unhealthy preoccupation with dividends. Vickers' shares were marked up by over 4 per cent on the strength of a smaller than expected dividend cut. Last week, Shell's were marked down because its dividend increase did not quite match inflation: British Aerospace's rose on relief that its dividend was maintained.

Admittedly the reaction to both British Aerospace and Vickers suggests the market has discounted a lot of bad news on dividends, so the downside risk from here could be limited.

But the problem with the dividend obsession is twofold. Companies are encouraged to pay too much because they are worried about the market's immediate reaction. The market is tempted to value shares on short-run dividend performance rather than underlying earnings prospects.

While there are still several questions over British Aerospace's future, Vickers' case is less moot. Gearing is low, and the defence business is doing well thanks to the Challenger order. But there is no real prospect of an end to the slump in demand for Rolls-Royce cars. Nor has Vickers yet found a partner to share Rolls-Royce development costs. Doubtless that will continue to detract from the recovery prospects of the shares.

FT-SE Index: 2,559.7 (+17.4)



Hoare/ABN Amro

At last the uncertainty is over for Hoare Govett. In ABN Amro it has found a parent with ample financial muscle which promises to allow it considerable independence. There is scope for links between Hoare Govett and the stock broking businesses already owned by the Dutch bank in Amsterdam, Paris, and Madrid. Less clear is how the purchase fits into ABN Amro's wider strategy.

Buying a share of the over-broked UK equity market is not necessarily the most sensible proposition, even for a bank determined to diversify outside its home market. But perhaps ABN Amro found Hoare Govett so affordable it did not need to think very hard – on the most generous of assumptions it is paying less than 2 per cent of group equity.

More likely, however, the purchase is part of a larger strategy for the UK which will eventually mean other acquisitions. Hoare's management may yet have to fight for its independence as the empire grows.

Cazenove

Hoare Govett's deal with ABN Amro is welcome in one parochial respect. It secures the future of a house that offers an alternative to Cazenove for companies who prefer something other than the typical integrated merchant banking operation. The problem with Cazenove, as its recent spat with Steetley shows, is that its client list is simply too long. Companies need a good broker more than ever at the time of a bid, but the chances are that if one side is on the Cazenove list, so is the other. That was true not only of BTR and Hawker Siddeley, but also of Ultramar and Lasmo. It is also the reason for Cazenove's weekend untimely resignation as Steetley's adviser in its defence against Redland.

Cazenove's practice is to stand down from both sides when there is a conflict of interest on a bid, but to complete any business in hand. So Steetley could reasonably have questioned where Cazenove would stand as regards its Redland defence if its joint venture with Tarmac, another Cazenove client, fell through. The unusual circumstances imposed a duty to make absolutely sure Steetley knew the score. Cazenove's failure to do so suggests a disturbing lack of circumspection in managing its multiple relationships.

NFC

Yesterday's 4 per cent fall in NFC's shares was an appropriately modest reaction to the gloomy company statement over the weekend. After all, the dividend could yet be increased by 15 per cent this year and still be twice covered. If pre-tax profits come in at the top end of the board's guess, the group will not be very far from meeting earlier expectations. The shares continue to yield a fifth less than the market average, so NFC's status as one of the market's favourites in these recessionary times is barely diminished. With its solid balance sheet and exposure to volume-sensitive businesses, it is as set to benefit from economic recovery as it was last year, during which the shares doubled in value. Investors will probably be hanging on for the ride.

It was perhaps more curious that the market appeared rather sanguine about the rest of the transport sector. If NFC is struggling, the likes of P&O, Ocean Group and Transport Development Group are doubtless finding life somewhat tougher.

Severn Trent

The renewed weakness in Shanks & McEwan's shares yesterday was a reminder that the waste management sector will struggle to regain its premium rating of old. It is perhaps instructive, then, to recall that many of the privatised water companies, notably Severn Trent and Wessex, have high hopes for the waste business as a source of non-regulated earnings.

Severn Trent paid £212m last May to buy Biffa from BET, an acquisition which was always going to dilute its earnings in the short term, but which appeared justified by its long-term promise. At the time of the interim results seven months later, it acknowledged that Biffa was not doing as well as expected. The subsequent further deterioration in its markets has almost certainly again deferred the date when it will make a return. Judging by the waste sector's recent experience, it is unlikely that Biffa will make much more than £10m pre-tax this year: it could make significantly less. Take off a reasonable £25m estimate for financing costs, and it looks as if Severn Trent will suffer a £15m hit this financial year, equivalent to earnings dilution of 6 per cent. There will be further dilution in 1992-93.

While it is probably too early to judge the long-term case for diversification into the waste business, it would seem reasonable for investors at least to question Severn Trent's judgment. The question is whether its shares will have to yield more than their prospective 7.7 per cent as a result.

FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday February 25 1992

INSIDE

New refinancing for RJR Nabisco

The refinancing at RJR Nabisco, the US tobacco and food group which was the subject of a record $25bn leveraged buy-out in 1989, continued yesterday when the company bought in $1bn-worth of debenture stock. **Page 24**

Low & Bonar profits slip

Low & Bonar, the Dundee-based packaging and plastics company, yesterday announced a slight fall in profits and a maintained dividend, as UK and North American operations were affected by recession. Pre-tax profits slipped 4 per cent to £24.3m ($42m) for the year to November 30 as turnover dipped to £307.7m from £310.9m. **Page 27**

NZ farmers celebrate

New Zealand wool farmers are celebrating a sharp turnround in their fortunes. Wool fetched the highest prices at auction for 18 months last week, thanks to a shortfall in supply, a rise in overseas demand and a sharply lower New Zealand dollar. **Page 30**

A beef about supplies

The European Community overtook Australia as the world's largest beef exporter last year. In spite of a surge in exports, EC beef stocks ended the year at a record high, according to estimates by the General Agreement on Tariffs and Trade (Gatt). Indeed, such was the quantity of beef produced that Gatt says only a sharp increase in imports by the former Soviet Union averted a big drop in prices. **Page 30**

A brand by any other name...

So which Del Monte is being floated on the London Stock Exchange? With five separate companies using the brand name, it can be confusing. But Mr Leon Allen (left), chairman of Del Monte International which is preparing a £450m ($778m) flotation, has been busy consolidating his grip on the brand by unusually high spending on television advertising. **Page 28**

Kuwait delays reopening

The reopening of Kuwait's stock exchange, closed since the Iraqi invasion in August 1990, is being delayed while the government finalises details of an ambitious plan to write off all banking debt in the emirate. **Back Page**

France out in front

Among world stock markets, France was the biggest gainer last week, according to the FT-Actuaries World Indices. Analysts attribute the bourse's bullish mood to Wall Street, which reached a record high on Thursday, the stronger dollar, and to the sheer weight of money as investors switched funds out of Germany and into France. **Back Page**

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Allianz	858	+	13	Accor	789	+	29
Bilfing	986	+	14.8	Hachette	168	+	13.5
Linde	817	+	14	Radiotech	595	+	30
Wella	630	+	20	**Falls**			
Falls				Audi	1055	−	55
Hapag Lloyd	565	−	10	Coparex	665	−	35
Rosenthal	274	−	8	Saumont	654	−	24
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Zenith Labs	23¾	+	3⅝	[illegible]	1310	+	80
Falls				Tsuzuki	1220	+	90
Bank Boston	18¼	−	1¼	**Falls**			
Eljer	9⅛	−	1	Dainippon Ph	1350	−	100
Ford	36⅞	−	⅝	Nissha Print	1650	−	[illegible]
Gen Motors	37¾	−	⅝	SPC Elect	4490	−	500
Intel	65⅞	−	2⅞	[illegible]	1080	−	100
LONDON (Pence)							
Rises				NatWest Bank	303	+	11
Airtours	259	+	10	Plaxtons	59	+	8
Barbour Index	270	+	13	Scot Heritable	10	+	3½
Barclays	398	+	11	[illegible]	212	+	16
Berkeley Gvett	128	+	9	Tiphook	345	+	33
Betterware	255	+	14	Unitech	201	+	17
Cannon St Invs	26	+	4	Usher (Frank)	72	+	6
Greycoat	61	+	7	Vickers	169	+	7
Hay (Norman)	38	+	5	**Falls**			
Hewitt	133	+	12	Brown Shipley	177	−	8
Huntleigh Tec	405	+	50	Harland Simon	167	−	6
Isotron	212	+	20	[illegible]	18	−	3
Jessups	76	+	11				

Olympia & York ratings lowered

By **Bernard Simon** in Toronto

THE VALUE of listed investments owned by Olympia & York, the property developer owned by Canada's Reichmann family, has tumbled by 44 per cent in the past two years, according to estimates by Dominion Bond Rating Service of Toronto.

DBRS cites the drop in share values as one of several concerns about O&Y's creditworthiness. Others include the slump in the North American property market, the financial problems of London's Canary Wharf, which is being developed by O&Y, and the general difficulty of obtaining bank financing for projects.

The rating agency said in reports published yesterday it had lowered the credit ratings on several securities guaranteed by O&Y, including a commercial paper programme, a C$100m ($84.7m) issue of secured debentures, and a bond issue secured by First Canadian Place, O&Y's flagship building in downtown Toronto. It confirmed the ratings on three other O&Y buildings in Toronto, Calgary and Ottawa.

O&Y is a private company and DBRS compiled its reports without access to the parent company's financial statements or cash flow data. A DBRS official said the agency had been provided with some unpublished information, such as rentals, vacancy levels and cash flows on buildings.

DBRS said it was concerned about rising office vacancy rates in New York and Toronto, where 71 per cent of O&Y's space is concentrated. The vacancy rate in O&Y buildings averages only about 10 per cent, but is concentrated in relatively few buildings.

On the other hand, the agency notes that only about 23 per cent of O&Y's North American leases, measured by square footage, fall due before 1996, with only 5 per cent expiring this year.

O&Y has already committed US$3bn to Canary Wharf, but DBRS says that $850m must still be found. It is now starting to generate cash flow, but with the project only about 60 per cent leased and many tenants offered costly up-front inducements, DBRS concludes that the cash flow "is not large".

The value of O&Y's stock portfolio has sunk to an estimated C$3.9bn from C$5.3bn a year ago and C$6.6bn in 1990.

DBRS said O&Y's dividend income slipped to C$209m last year from C$234m in 1990 excluding a recent special C$7-per-share dividend from Interprovincial Pipeline.

■ Deficit reaches £12.4m after sales halve at Rolls-Royce ■ Shares rise

Vickers to cut final dividend after loss

By **Maggie Urry** in London

VICKERS, the Rolls-Royce Motor Cars and Challenger tanks group, yesterday cut its final dividend after incurring a loss of £12.4m ($21.7m) before tax in 1991, down from a pre-tax profit of £96.5m.

The loss stemmed from Rolls-Royce where sales halved in 1991. However, the dividend reduction was not as severe as some feared and the shares rose 7p to 169p. Sir David Plastow, chairman and chief executive, described the cut as "prudent".

The group is one of the first to report in the current results season and its action will be noted by other companies who must decide whether to reduce the payment to shareholders.

Vickers held its interim dividend at 3.7p, but warned last September that the final might be cut if there was no improvement at Rolls-Royce. The proposed final is 2.3p, down from 6.2p, to give a total of 6p, a fall of 39.4 per cent from 9.9p.

Analysts had feared that the final dividend might have been cut to 1p. The 6p net dividend gives a gross yield on the shares of 4.7 per cent at yesterday's closing price.

Group sales fell 16.2 per cent to £652.2m. The automotive division, which includes Rolls-Royce, incurred a trading loss of £17.3m compared with a profit of £41.2m, and also accounted for the bulk of a £34.4m exceptional charge relating to redundancy and rationalisation costs. Aside from Rolls-Royce, Vickers's other divisions maintained trading profits in aggregate. Defence and aerospace activities suffered a fall to £15.8m from £18.1m. Last year Vickers won an order from the UK government for Challenger 2 tanks which Sir David said would start to make profits in 1993, and could lead to export orders. The defence order book is now £800m against £200m a year ago.

Interest receivable fell from £16.6m to £1.1m. After tax and the £16.2m cost of the dividend, the retained loss was £25.5m, against a profit of £38.4m. The balance sheet had net debt at the year-end of £54.7m (against net cash of £11.5m last time), 22.4 per cent of shareholders' funds. This gearing was lower than the market feared and was cited as a reason for the share price rise.

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Saab results, Page 22

Time runs out on the road to survival

Ashley Ashwood

Distinguished line-up: Cars are produced three days a week with two days a week for training in new working practices.

The collapse into loss of Rolls-Royce Motor Cars has come as an unpleasant development at the end of the career of Sir David Plastow, chairman and chief executive of Vickers.

Sir David retires at the end of May, and time is running out for him to put in place a strategy to ensure the survival into the next century of one of the world's most exclusive car marques.

Vickers' Rolls-Royce Motor Cars subsidiary suffered an alarming £90m ($157m) slide in its fortunes last year as losses of around £60m replaced a profit of some £30m in 1990.

Now if the price is right Rolls-Royce is for sale, although it is far from clear whether there are any buyers in the offing, at least at the price acceptable to Vickers.

BMW, the German executive and luxury carmaker, has been at the centre of most speculation with City analysts insisting that Mr Eberhard von Kuenheim, BMW chairman, visited the Rolls-Royce plant two weeks ago.

However BMW countered yesterday with the apparently unequivocal statement: "We deny that any negotiations are being conducted about BMW taking any sort of shareholding, either minority or majority in Rolls-Royce Motor Cars."

The Vickers board repeated yesterday it was continuing "to review the options for the future of Rolls-Royce Motor Cars in the best interests of shareholders".

Sir David, insisted that in discussions to date "we are not in the mode of a 100 per cent sale," but he added that "we cannot delete any option".

Vickers faces a cruel dilemma. It cannot allow a distress sale in mid-recession of a business that has produced consistent profits for two decades.

On the other hand it is being pulled into overall loss by a business that needs an investment of more than £200m during the next six years to develop a new product range.

The urgent review of the car business is bitter medicine for the Vickers chairman. Sir David never dreamed the fortunes of the Rolls-Royce Motor Cars business could fluctuate so wildly.

Almost with an air of disbelief at the scale of the losses, he insisted yesterday that the car operations had "averaged a 30-35 per cent. return on capital through the 1980s. It has a solid business record. It is not a flaky business".

Trading conditions for Rolls-Royce Motor Cars, which includes the Bentley marque, were "the most difficult we have ever experienced," he said. Exceptional restructuring measures cost close to £35m with trading losses amounting to £25m.

Rolls-Royce Motor Cars lost half its market in the face of the deep recession in its two main markets, the US and the UK.

Sales worldwide fell 48.3 per cent to 1,723 – the lowest since 1968 – from the record 3,333 in 1990. Sales in the UK halved to 513 from 1,007, while sales in the US fell 65.2 per cent to 400 from 1,149 in 1990 and 1,216 in 1989.

Sir Colin Chandler, Vickers managing director, who is to take over as chief executive in May, said the cost base at Rolls-Royce had been reduced by £30m a year, lowering the break-even production level to around 2,000 cars a year.

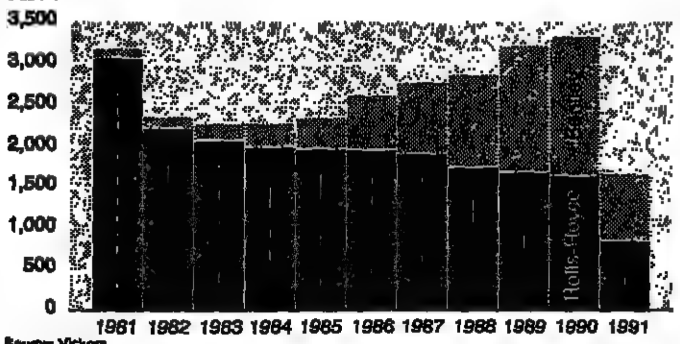
Fixed costs have been reduced by 20 per cent and variable costs by 50 per cent. The UK workforce was cut by more than a third last year to just over 3,100.

The recession allowed a new labour agreement to be pushed through, removing restrictive practices that disappeared elsewhere in the motor industry years ago. Team working has finally come to Crewe. The seven trades unions at the site are to act as "a single union", and the number of union representatives has been cut from 110 to 40.

Cars are still only being produced three days a week, however, with two days a week being devoted to training in new working practices.

Kevin Done

Rolls-Royce Motor Cars



Source: Vickers

Renown suffers Y8.2bn setback

By **Robert Thomson** in Tokyo

RENOWN, the leading Japanese clothing maker which recently acquired Aquascutum of the UK, reported a pre-tax loss of Y8.2bn ($64m) for the year to end-December, compared with a profit of Y6.3bn in the previous term. It blamed the downturn on inclement weather and a weak stock market.

The company, which was counting on an upturn in Japanese stock prices to help cover the Aquascutum purchase, made in August 1990, is now hoping that a new marketing campaign for the brand will help lift its sales later this year.

Overall sales last year fell 1.5 per cent to Y228.18bn, with declines in most clothing lines, including a 4.5 per cent fall in outerwear and a 10.9 per cent decrease in babywear.

Renown said that clothing sales in Japan generally had been affected by a series of typhoons during the summer and an unusually warm winter.

The company, which had a reputation for its success at zaitech, or financial engineering, reported a loss of Y237m on the cancellation of its tokkin, or specified money trusts. The value of these trusts was eroded by the weak Tokyo stock prices over the past year.

Renown also reported an appraisal loss of Y10.42bn on securities holdings, but the company recorded a Y29.79bn profit on property sales during the period.

In the past, many Japanese companies have relied on playing the stock market to improve their profits and to raise funds for capital expenditure.

However companies that invested heavily in stocks during the late 1980s are now being tempted to realise losses in expectation of enduring weakness in the Tokyo market.

Renown is hoping that a marketing campaign to lift the profile of Aquascutum products will result in healthier sales in Japan. Instead of relying on its regular sales staff, the company said sales managers would be sent to retail stores to encourage them to stock the brand. It also has indicated that the size of some other product lines would be reduced.

The company said that higher depreciation and personnel charges, arising from Japan's labour shortage, as well as a slowing of economic growth were likely to produce to a pre-tax loss of Y11bn for an irregular financial year from January to the end of July.

Steetley in court action on Gobitta

By **Andrew Taylor**, Construction Correspondent

STEETLEY, the UK building materials group fighting a £600m ($1bn) hostile bid, is taking legal action against the Gobitta family which in 1990 sold its Paris aggregates business to Steetley for £92m. The valuation of the Gobitta business has been raised as a key issue in Steetley's defence against the bid from Redland, a rival British group.

Mr Richard Miles, Steetley's chief executive, said last night that action against the Gobitta family was over warranties and guarantees affecting options to acquire land acquired by Steetley as part of the purchase.

He said that Steetley wanted further information about who owned the title to some of these sites. He said: "It would appear that some of the land thought to have been in the original contract may not be there."

Mr Miles stressed that Steetley generally had been pleased with the purchase of Gobitta which had given the British group a base in the important Paris market. He said that so far the group had paid only half the purchase price. The next instalment was not due until this summer.

He said Steetley would provide a full valuation of all its businesses at the appropriate time.

News of the legal action over Gobitta was disclosed yesterday by Redland which said that it had obtained a copy of a letter sent to British solicitors Linklaters and Paines by Mr Jean-François Gohier, legal manager of Garon, the Steetley subsidiary in France which carried out the Gobitta deal.

The letter sent on January 28 this year accompanied copies of annexes to the Gobitta purchase agreement which had been requested by the British Take-over Panel. It refers to claims against the family over guarantee agreements but does not give details of the claims.

Redland previously has said that the £92m price paid by Steetley for Gobitta substantially over-valued the business.

It says that at the time of the acquisition Gobitta had received planning permission to extract only about 40m tonnes of the 150m tonnes of sand, gravel and limestone reserves it controlled.

According to Redland, this had not been revealed to British analysts when the purchase was announced. Steetley said that full details were available in the French contract but that there had been "an error of translation" which omitted these details in the British version.

Viag hits record DM405m profit as sales surge 22%

By Christopher Parkes in Bonn

VIAG, the fast-growing German conglomerate, yesterday revealed record sales and profits for 1991. It said it was confident of further growth despite tough economic conditions.

Profits after tax rose 20 per cent to DM405m ($345.4m), matching company forecasts. Sales, however, fell short of predictions from Mr Georg Obermeier, finance director, who in December promised a 25 per cent increase.

Even so, turnover was up 22 per cent at DM23.7bn, thanks mainly to the effect of acquisitions during the year.

Viag, which was formerly government-owned, has increased sales four-fold since privatisation started in 1986. The state's remaining 60 per cent stake was sold in 1988.

Announcing the provisional 1991 results, the company said acquisitions made during the year – notably the purchase of packaging group Continental Can Europe – had helped it offset the effects of weaker performances in chemicals and divisions supplying the iron and steel industry.

Aluminium sales also fell 10 per cent during the year. However the glass and energy divisions turned in improved figures.

The group, which is planning to float off a 49 per cent stake in its VAW aluminium division, last year increased investment in the business by 53 per cent to DM487m, fulfilling Mr Obermeier's promise to "dress up the bride".

VAW is awaiting monopolies clearance for its agreed bid for Eisenwerke Brühl, a motor components supplier.

Total investment during the year almost doubled to DM4bn, of which more than half went on acquisitions.

Saab Auto slices loss to SKr1.4bn

By Robert Taylor in Stockholm

SAAB Auto has reported a SKr1.39bn ($232m) loss, after financial items, for 1991, down from a loss of SKr4.64bn in 1990. Sales rose 2 per cent to SKr15.01bn.

The final-quarter result was particularly heartening for the company, which is jointly owned by Saab-Scania and General Motors of the US. This fell to a loss of SKr134m from a SKr881m deficit last time.

The company said the recovery through 1991 reflected the fruits of a strong productivity performance and extensive restructuring, including the closure of Saab's Malmo plant and concentration of Swedish assembly operations at Trollhattan.

Saab Auto said it increased its share in important markets despite the impact of depressed economic conditions on sales. In Sweden, market share rose to 9.6 per cent from 8.5 per cent in 1990. The figure was the highest recorded by Saab Auto since 1986.

The company said it had made a final review of product development expenses, applying the same accounting principles as in 1990. As a result, there was a larger capitalisation of product development expenses than calculated earlier in the year.

The adjusted figures indicate a net loss, after financial items, of SKr953m for the first quarter; SKr634m for the second; and SKr522 for the third.

Deficit rises to NKr951m at top Norwegian bank

SPAREBANKEN Nor, Norway's biggest savings bank known internationally as Union Bank of Norway, has reported net losses of NKr951m ($147m) for 1991, up from NKr184m a year earlier, writes Karen Fossli in Oslo.

It also announced that the Norwegian government's bank investment fund had agreed to participate with NKr700m in a mandatory convertible bond issue in connection with Sparebank Kreditt, a domestic mortgage company, which Sparebanken Nor is acquiring.

Operating profit, before credit losses, fell by NKr311m to NKr547m in 1991. Credit losses were cut by NKr123m to NKr1.35bn.

Creditanstalt seeks 55% stake in Slovenian bank

By Eric Frey in Vienna

CREDITANSTALT, Austria's second largest bank, is taking a major stake in a Slovenian bank, its first significant foothold in the region.

Creditanstalt's chairman, Mr Guido Schmidt-Chiari, said the bank wanted to buy at least 55 per cent in Ljubljana-based Nova Banka. Slovenian press reports said the deal would be worth Ecu37.8m ($30.7m).

Creditanstalt's acquisition of Nova Banka is the first investment of a foreign bank in Slovenia since the republic broke away from Yugoslavia last summer. The move highlights Slovenia's growing dependence on Austria for economic and financial support. The country has a population of only 2m and few monetary reserves to back its new currency.

Mr Schmidt-Chiari said the transaction was part of his bank's strategy to expand in the former communist countries bordering Austria. It already operates branches or joint ventures in Hungary, Czechoslovakia and Poland.

Two-year-old Nova Banka is one of Slovenia's leading experts in foreign trade financing. The bank, with assets of about Ecu15m and 50 employees, was the first in Slovenia to issue shares to the public.

Creditanstalt said it would buy the interest by financing an increase in paid-in capital.

SA leisure group net ahead 15% to R213.3m

By Philip Gawith in Johannesburg

KERSAF Investments, the South African leisure and entertainment group, overcame deteriorating trading conditions to record a 14 per cent increase in earnings in the six months to the end of December.

Turnover rose 13 per cent to R1.02bn ($357m), and operating income was 10 per cent higher at R274.98m. A lower tax bill, due to heavy capital expenditure at the group's Bophuthatswana hotel operations, helped lift net profits by 15 per cent to R213.3m. Earnings attributable to outside shareholders, however, also rose, thus restricting attributable earnings to R86.4m, a 14 per cent rise.

Mr Buddy Hawton, executive chairman, said the results were satisfactory in the light of difficult conditions and the susceptibility of the group to a slowdown in consumer spending.

Kersaf's main investments are a 80 per cent stake in the Sun International casino resort and hotel group, and a 38 per cent stake in Interleisure, which is involved in the leisure and entertainment fields.

Sun International performed well during the period, with casino revenues 25 per cent higher than during 1990. This was due in part to the opening in November of the Carousel resort. In line with the rest of the industry, however, hotel occupancies declined, by 4 percentage points to 66 per cent.

Mr Hawton said Interleisure's performance had been satisfactory, with cinema attendances picking up after a slow start, and buoyant trading at Computicket, the entertainment booking outlet.

Looking ahead, he said depressed economic conditions were expected to continue for the rest of the year. Earnings growth, however, should be satisfactory if conditions did not deteriorate further.

The dividend was lifted by 14 per cent to 66 cents per share, on a similar rise in earnings to 115 cents per share.

Calmly observing a share price slide

Peter Bruce gauges Telefonica's feelings on investor nervousness

For a company that saw some 12 per cent of its stock market value vaporise in heavy selling in Madrid and New York during three days last week, Telefonica, Spain's state-controlled telecommunications monopoly, is a model of corporate serenity.

Investors had reacted badly to the announcement that the transfer of Telefonica's in-house pension scheme to the national social security system was going to cost the group Pta19.4bn ($194m) this year.

But, says an official, "that was natural. We can easily make up that amount, but any market learning that a company is going to incur extra costs of $190m is going to react badly".

The news knocked Pta140 off Telefonica's shares in Madrid, although by yesterday the share price had begun to recover slowly. With cash-flow running at around Pta450bn a year, a one-off addition to Telefonica's costs of Pta19.4bn is clearly not the end of the world.

Nevertheless, the company may have got itself into an uncomfortable position, particularly among foreign investors. The pension fund move was the latest in a series of irritations which began last summer when Mr Candido Velazquez, Telefonica's chairman, sparked a sharp increase in the company's share price by announcing it had decided to begin linking dividends to profits. This brought to an end the tradition by which the company paid a dividend of 11 per cent over the stock's nominal value.

The stock market took this to imply an almost certain 1991 dividend increase. But while the company did, indeed, report a 6.7 per cent rise in net profits to Pta80bn for the year, the dividend did not move.

Investors in Madrid and New York were plainly disappointed. The added impact of the pension fund move – which has been hanging over the company for some time – has not helped. Basically, Telefonica is having to transfer its underfunded pensions scheme to the social security system and borrow Pta55bn from the system to pay back the difference.

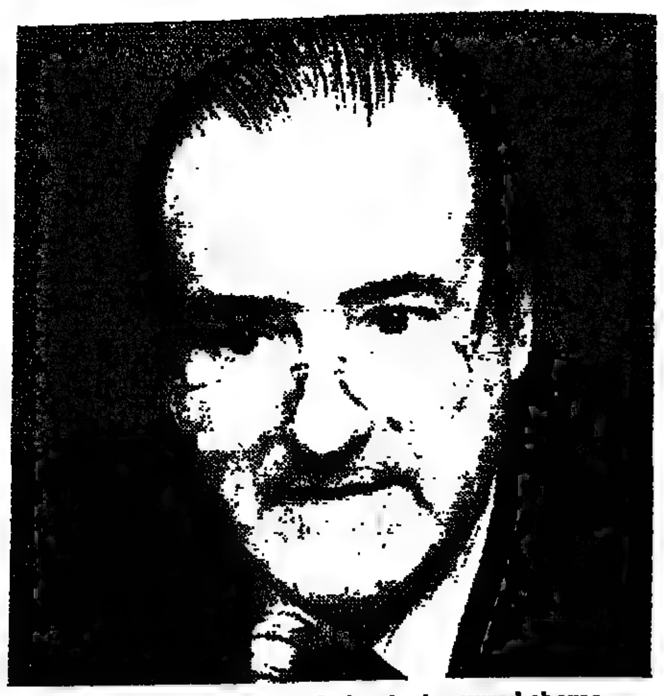
The Pta55bn, however, applies only to retirees already drawing pensions. An estimated Pta135bn will be owed to active workers over the next 25 years, which could cost the company about 1 per cent a year in interest to the social security.

And because Telefonica's own scheme promises workers a premium over the social security, the company may have to create an additional external scheme worth an estimated Pta75bn and finance it through borrowings.

Nevertheless, the timing of Telefonica's pensions announcement may be political. The Spanish state's 32 per cent shareholding in the company ensures Telefonica a sympathetic ear as it begins negotiations with the government on 1992 tariff increases. Last year it won an average 6.7 per cent. Even a 5 per cent rise this year could generate an extra Pta40bn in income.

Telefonica will also install 500,000 new lines this year, and is still negotiating the disposal, forced upon it by the European Commission following the merger last year of Alcatel and Telettra, of stakes in Alcatel and Telettra's Spanish operations. These represent Telefonica's biggest industrial shareholdings.

Along with management determination to find new savings and extra productivity this year to compensate for the pension transfer costs, income from these asset sales should comfortably see Telefonica over the difficulties that emerged last week.



Candido Velazquez: dividend plan had spurred shares

BSN's Exor bid rejected

By William Dawkins in Paris

A LEADING family shareholder of Exor, the French holding group which controls Perrier, yesterday rejected a FFr6bn ($1.07bn) counter-bid from BSN, the food group.

Mrs Corinne Mentzelopoulos, of the Franco-Greek family which made a fortune from the Felix Potin grocery chain, announced she would not tender her Exor shares to BSN's offer, made last Friday.

Mrs Mentzelopoulos owns just over 14 per cent of Exor and is allied with Ifint, the Agnelli family holding company which has made an agreed bid for Exor and holds another 35.84 per cent of the shares.

Separately, Nestlé, the Swiss food group, is making a hostile bid for Perrier itself.

The announcement confirms that BSN's bid for Exor has no chance of success, a fact which comes as no surprise to any of the parties in the convoluted three-month battle.

BSN has made clear that the real purpose of its bid is to put pressure on the Agnellis to negotiate a solution, in which BSN would take over Volvic, one of Perrier's brands; Nestlé would take the rest of Perrier; and in which the Agnellis would be offered a dignified and profitable exit.

French drugs group static

By Alice Rawsthorn in Paris

ROUSSEL-UCLAF, the French pharmaceutical company owned by Hoechst of Germany, has reported 1991 net profits little changed at FFr598m ($106.78m).

Originally Roussel, in which Rhône-Poulenc, the French chemicals group, retains a minority stake, had expected profits to fall by about 8 per cent. However, the final quarter was more buoyant than anticipated, and the group managed to produce a slight increase in profits from the FFr597m in 1990.

Roussel's turnover rose 9.9 per cent to FFr14.3bn in 1991, from FFr13bn the previous year. The company benefited from the introduction of several "winter" products – for flu and chest problems – towards the end of 1990.

The fastest growing area of Roussel last year was the small chemicals division, which saw sales increase by 25 per cent. Pharmaceuticals mustered more modest growth of 9.2 per cent, and agri-veterinary products were ahead 7.1 per cent.

Roussel made provisions of FFr150m during the year to pay for the restructuring of its operations. The group closed a number of production plants in Europe, and also consolidated part of its French interests on one site at Romainville in Seine-Saint-Denis.

INTERNATIONAL COMPANIES AND FINANCE

Omron fights to retain competitive edge

Stefan Wagstyl on a Japanese company which is sharply cutting capital spending

Mr Yoshio Tateishi, the president of Omron, the world's largest maker of switches and relays, sees the current downturn in the Japanese economy as a harbinger of a decade of slow growth in the country's manufacturing industry.

But Mr Tateishi is not unduly worried about the prospect. He believes that even though Omron and other Japanese engineering companies face a more difficult time in the 1990s, they will retain their competitive edge in world markets. Growth will come from the further development of the Japanese economy and from export demand in east Asia.

Omron is anything but immune to the effects of the downturn, which has had a particularly severe effect on the company's life blood – orders for factory plant and equipment. Omron warned last week of a likely 54 per cent fall in pre-tax profits to Y20bn ($156.3m) in the year to the end of March.

It has cut capital spending from a planned Y70bn to Y50bn this year and plans further reductions in the year from April. In its concern for falling profit margins, Omron is reducing its product range by cutting customers' detailed options.

To make matters worse, independent forecasts for the outlook for capital spending are universally gloomy – Nippon Credit Bank among others predicts a decline in investment in the year from April – the first in 15 years.

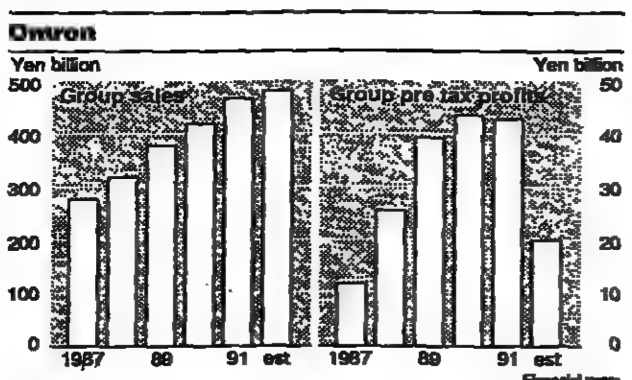
Nevertheless, Mr Tateishi sees no reason to panic. He believes Omron has deep-seated commercial and technological advantages which will not be eroded in even a severe cyclical downturn. He does not share the gloom of some other Japanese industrialists who have compared the current slowdown with the recession Japan suffered after the 1974 oil shock.

"The financial bubble of the 1980s has collapsed and capital investment is falling. A cycle of business expansion has come to an end," said Mr Tateishi in a recent interview. "Up to 1990 sales in our industry grew at an annual rate of 10 to 15 per cent. I expect annual growth will be 5 to 10 per cent a year for the rest of the century."

Japanese companies are scrapping or postponing plans for investment in increasing capacity. But, says Mr Tateishi, they will continue to invest in labour-saving equipment, in pollution control, in plant to improve working conditions and in technological innovation. Moreover, sales to south-east Asia will grow at more than 10 per cent a year, as the economies in the region continue expanding faster than the industrialised world.

> 'The financial bubble of the 1980s has collapsed and capital investment is falling.
> A cycle of business expansion has come to an end.'

Omron's fortunes are founded on its leadership in a narrowly-defined but widely-used technology. Founded in 1948 by Mr Tateishi's father, Mr Kazuma Tateishi, the company started by supply switches and relays to manufacturing industry and diversified into sensors, timers and programmable controllers – all pieces of equipment which link machines in a factory. Its share of the Japanese market in sensors is 52 per cent, in relays 88 per cent and in switches 70 per cent.



In recent years it has applied the technology to office automation (modems and image scanners), medical equipment and banks' automatic teller machines. But industrial equipment accounts for two-thirds of its turnover which will total an estimated Y480bn in the year to March.

Mr Tateishi says the company has stayed ahead of rivals through technological innovation. Employees are encouraged to be innovative and to foster their "venture spirit", that is to try new ideas.

The commitment to innovation thrives at Omron's biggest factory at Kusatsu, near Kyoto, in western Japan, which contains some of the company's most advanced production lines. Relay switches are now made to such accurate specifications that dust would harm their operation so they are assembled in dust-free "clean rooms", like microchips.

Mr Yoshiharu Ukai, a manager, says that 10 years ago the limit for errors in measurements was 20 to 30 microns.

> 'Japanese groups are postponing plans to increase capacity. But they will continue to invest in technological innovation.'

Today it is just 2 microns. In the past, switches were adjusted after they were made to ensure that they operated at exactly the right speed. This was now impossible since they were too small. The products have to be right first time, says Mr Ukai.

The managers at Kusatsu acknowledge that there is no single part of the manufacturing process which is unique to Omron. The group's edge over its rivals lies in securing small advantages and making constant improvements. "There are so many things we can do," says Mr Ukai, who dreams of the day Omron will successfully put a relay and a microprocessor in the same silicon chip.

Mr Tateishi says that this commitment to constant improvements distinguishes Japanese companies from foreign rivals. "There is a high level of consciousness in Japan of the need for technological innovation in manufacturing."

Even though Kusatsu is a show-case plant, it has not been spared the effects of the current slowdown. One out of four lines making relays was shut down during a recent visit, because, said Mr Ukai, of a "slight slowing in orders".

Mr Tateishi says industry is adjusting to the end of the financial bubble economy of the late 1980s, in which capital investment was fuelled by a flow of ultra-cheap credit. Companies, including Omron, face some short-term difficulties. But in the long-term, Japanese industry will keep investing, says Mr Tateishi.

"This is a huge market, so I don't think we will run out of work. Rather, labour shortages are our main problem."

In the view of industry analysts, Mr Tateishi may be under-estimating the severity of the present downturn in the Japanese machinery industry. But they acknowledge that the company's dominant position in its chosen markets, leaves it well-placed to survive.

Yeun buys stake in Seapower

By Simon Holberton in Hong Kong

MR FRANCIS YEUN, who recently resigned as chief executive of Hang Chong Investments, the company acquired by Citic Pacific, has re-emerged on the colony's corporate scene as a substantial shareholder and managing director of Seapower International.

Mr Yeun, who resigned as chief executive of the Hong Kong Stock Exchange last year to run Hang Chong, has joined with members of the consortium participating in that company's takeover – most notably Mr Li Ka-shing, the colony's leading financier, Mr Larry Yung, managing director of the Beijing-controlled Citic Pacific, and Peregrine, the Hong Kong brokerage.

Seapower operates in financial services and the cold storage business. Since the early 1980s it has been controlled by Mr Choi Sai Leung. He has been described as a friend of Mr Yeun's and this reason was given as to why the deal was done at $HK1.60 a share – a 9 per cent discount to the company's prevailing share price of $HK1.76.

Mr Choi raised HK$140.8m from the sale of 82m shares to Mr Yeun and others, and immediately subscribed to 48m new shares in Seapower for a cost of $77m.

Taking the enlarged capital base into account, a company owned 51 per cent by Mr Yeun and 49 per cent by Peregrine has acquired a 20 per cent stake in Seapower. Mr Li will end up with 9.67 per cent and Citic's Mr Yung, 3.6 per cent.

Mr Choi will retain a 25 per cent stake in the company.

First-half drop for Murdoch's NZ unit

By Terry Hall in Wellington

ADVERTISING revenue of the New Zealand, Australia and US publications of Wellington-based Independent Newspapers (INL) was hit by recession, leading to a 9.7 per cent fall in first-half net profits to NZ$16.4m (US$8.9m).

Mr Alan Burnet, chairman, said the result was satisfactory considering the depressed economic conditions in the countries where the group owns newspapers. INL is 51 per cent owned by News Corporation, the media group controlled by Mr Rupert Murdoch.

Advertising revenues fell 7.1 per cent in New Zealand and 10.7 per cent in Australia compared with the same period of 1990.

Mr Burnet said the group experienced some recovery, especially in its South Island New Zealand newspapers. Interest costs would fall for the year after NZ$14.24m of debt was repaid.

The closure of the loss-making Auckland Star during the period, plus static newspaper prices was expected to mean that the full-year result would show considerable improvement. Satisfactory results were achieved by Gordon and Gotch, the subsidiary which is the largest newspaper and magazine distributor in Australasia.

Circulation of the paid newspapers had been stable, with the Christchurch Press and the Waikato Times showing significant gains. Sales rose 14.9 per cent to NZ$471.39m from NZ$410.3m.

Pre-tax profits fell 8.6 per cent to NZ$26.11m. Tax took NZ$9.83m against NZ$10.37m. A maintained 7 cents a share dividend was declared.

Kuwaiti bank well ahead

By Mark Nicholson Middle East Correspondent

THE United Bank of Kuwait, the London-based consortium bank, has announced pre-tax profits of £10.1m ($17.7m) for 1991, up from £5.5m in 1990, and written back £4.5m out of £13.5m worth of provisions made against Kuwaiti and Iraqi exposure in the bank's 1990 accounts.

UBK, jointly owned by 13 Kuwaiti institutions, has taken the write-back and after-tax profits of $8.2m into reserves, restoring them to pre-Gulf war levels of £21m. UBK made an overall loss in 1990 of £9.9m which it charged to reserves.

In addition to provisions against loans in Kuwait and Iraq, the bank suffered a £4.4m loss on securities, largely certificates of deposit, sold after the Iraqi invasion to increase liquidity.

The bank's overall footings fell in 1991 to £1.72bn from £1.96bn largely as a result of the standstill in the Kuwait interbank market, where UBK is traditionally highly active with local counterparties.

However, Mr Christopher Keen, general manager, said he expected footings to recover above £2bn over this year as the Kuwait market revived. He said the bank had performed well in its UK and US commercial and mortgage operations.

Surge at Mabuchi Motor

By Robert Thomson in Tokyo

MABUCHI Motor, the Japanese motor producer, boosted pre-tax profit for 1991 by 30.6 per cent to Y17.29bn ($135m), as domestic demand for its components remained strong in spite of slowing economic growth.

The company, which assembles most of its motors in other Asian countries, lifted sales for the year 15.3 per cent to Y89.6bn, with demand strong for both its completed motors and motor parts. Overseas production bases enabled it to avoid the cost increases experienced by other Japanese exporters because of last year's appreciation of the yen.

But Mabuchi expects that slower demand this year from car makers and electronics companies Sales of Y73bn are predicted, with a fall in pre-tax profit to Y16.3bn.

INTERNATIONAL COMPANIES AND FINANCE

Search for successor to Iacocca takes new twist

By Martin Dickson in New York

THE SEARCH for a successor to Mr Lee Iacocca as chairman of Chrysler took an unexpected twist yesterday when Mr Steve Miller, vice-chairman and one of several candidates for the top job, announced he was leaving the automobile company.

Mr Miller, 50, is to join the small but distinguished New York investment bank of James D. Wolfensohn as a senior partner. The firm's other seven partners include the eponymous Mr Wolfensohn and Mr Paul Volcker, former chairman of the Federal Reserve.

Mr Iacocca, who is to retire at the end of 1992, said Mr Miller was one of several candidates under consideration for his job.

However, industry analysts had not viewed Mr Miller as a particular favourite for the post since his expertise is mainly on the financial side, rather than in making cars.

The other main internal candidate is thought to be Mr Robert Lutz, the president of the company and head of its automobile manufacturing operations, although there have been reports of friction between him and Mr Iacocca.

Lee Iacocca: to retire at end of the year

This has led to speculation that the company may look outside for a successor, perhaps considering Mr Gerald Greenwald, who was favourite to succeed Mr Iacocca before leaving Chrysler in 1990.

He is now a managing director of Dillon, Read, the Wall Street investment bank. Mr Miller became chief financial officer of Chrysler in 1981 – in the midst of its brush with bankruptcy – and worked with Mr Wolfensohn and Mr Volcker during the company's financial restructuring.

He said yesterday: "It was not an easy decision to leave Chrysler. But the essential work to position the company for the 1990s has been completed: a new array of products, a lean cost structure, and a revitalised balance sheet. I felt it was time for a new challenge."

Chrysler, like other car manufacturers, has been facing a severe financial squeeze because of the US recession and is banking on new product introductions later this year to solidify its market share. It has yet to name a replacement for Mr Miller.

American Express may cut rate

By Martin Dickson in New York

AMERICAN Express, the US charge card company, is, for the first time, considering cutting the rate it charges some merchants who accept its cards. It insists, however, the move is likely to affect fewer than 1 per cent of the total.

The company has faced highly-publicised revolts over the past year by some groups of merchants who complain that it charges them a substantially higher fee for bills paid with its cards than those levied by rivals Visa and Mastercard.

Amexco has repeatedly refused to lower its rates, which provide a more critical element of its income than that of Visa or Mastercard issuers, who earn much of their profits from cardholders' interest payments.

Mr Harvey Golub, chairman of Amexco's card business, told travel agents in Florida that the group was considering greater flexibility in its rates for some merchants in special circumstances, such as those with highly seasonal businesses.

An Amexco spokeswoman said rates reflected the amount of business a merchant conducted through the company on an annual basis. This penalised seasonal businesses, since their charges might be concentrated in just a few months of the year.

She said any such change would only apply to "very rare" cases and would affect fewer than 1 per cent of merchants using the Amexco card.

Amexco, she added, had no plans to alter its general pricing structure, which depends on three main factors - a merchants' industry, charge card volume, and whether the merchant submits charges electronically or by paper.

Nevertheless, the fact that Amexco is prepared to open up this chink in its pricing structure in the hope of better relations with merchants, underlines the intense competition it faces in the card industry, and the pressures facing merchants' profits during a consumer recession.

Air Canada chief sets out targets

By Robert Gibbens in Montreal

AIR CANADA must complete an alliance with USAir and possibly a merger with Canadian Airlines International by the end of the year, according to Mr Hollis Harris, Air Canada's new president.

Air Canada must grow and be part of a global network, he said, vowing to speed up negotiations with Canadian Airlines immediately.

The two Canadian airlines have been talking and the federal government has been preparing the public for a possible merger. However, it would result in layoffs and firesale aircraft disposals. Both companies are making heavy losses and their combined debt load is more than US$4bn.

Mr Harris said there was room for only one main Canadian airline. Air Canada's strength was domestic and European, while Canadian was strong in the Pacific, he said, underscoring the case for merger.

However, airline analysts in Canada and the US remain sceptical about any such merger. The federal budget today is widely expected to lift the 25 per cent maximum on foreign control of Canadian national airlines.

An equity link between Canadian Airlines and American Airlines has not been ruled out, despite recent denials.

Earnings rise at leading Japanese drugs groups

By Emiko Terazono in Tokyo

TWO leading Japanese pharmaceuticals groups reported increased non-consolidated earnings for the year to December. Both companies saw rises in sales and profits from the previous year due to new drug developments.

Chugai Pharmaceutical's pre-tax profits rose 11.9 per cent to Y10.5bn ($81.6m) after a sluggish performance in the previous year, as profits fell sharply in 1990 due to a slump in sales of the group's anti-cancer agents. While sales of its mainstay drugs remain subdued, Chugai's remedy for renal anemia helped push sales of blood and body fluids up 69 per cent to Y22.8bn.

For the full year to December, Chugai expects a 13.2 per cent rise in pre-tax profits to Y12bn on an 8.8 per cent rise in sales to Y145bn.

Green Cross, the plasma derivatives maker which was found importing uncertified blood products in 1988, saw pre-tax profits rise 4.6 per cent to Y4.7bn on a 5.8 per cent increase in sales to Y77bn. Net profits rose 69.5 per cent to Y2.2bn.

The company's profits were squeezed the previous year due to sluggish demand for its blood preparations.

For the current year, Green Cross expects pre-tax profits to remain flat at Y4.8bn on a 3.9 per cent rise in sales to Y80bn.

IBM to cut top managers' pay

INTERNATIONAL Business Machines said the basic pay of Mr John Akers, chairman, and the four other members of its management committee were likely to be cut by at least 40 per cent due to the company's first annual loss ever, in 1991, Reuter reports.

The company said Mr Akers could see a decline in the $2.6m in annual cash incentive, which was tied to business results.

Petro-Canada pushed to C$598m record deficit

By Bernard Simon in Toronto

HEAVY writedowns pushed Petro-Canada, the partially-privatised Canadian energy group, to a record C$598m (US$502.5m) loss in its first year as a publicly-traded company.

The Calgary-based group suffered an operating loss last year of C$143m, compared with earnings of C$176m in 1990. However, the 1991 bottom line was further dented by writedowns totalling C$455m.

The writedowns stem mainly from the restructuring of the fuel products division, including the planned closure of about 1,000 service stations. Petro-Canada also cut the carrying value of its shareholding in Syncrude, the oilsands plant in northern Alberta, by C$95m after tax. Cash-flow slumped to C$292m from C$621m.

The bulk of the operating loss was suffered by the products division, mainly because of an inability to recover the high cost of crude oil held in inventory at the beginning of the year. The problem was exacerbated by weak demand and fiercely competitive pricing.

The federal government sold 20 per cent of its stake in Petrocan to the public last July. The shares have been trading at C$10.13, substantially below the C$13 issue price.

Bank of America to sell 183 branches

By Alan Friedman in New York

BANK of America plans to sell 183 branches and divest itself of $7.3bn of deposits in five states in order to meet anti-trust concerns over the forthcoming $4.5bn merger with Security Pacific.

The planned divestitures, which are in line with previous indications, are designed to conform to guidelines that the bank has discussed with federal and state bank regulators as well as the Department of Justice.

Some 10,000 employees are expected to be made redundant as part of the merger of the two banks, which have a combined pre-merger workforce of 91,400.

Mr John Wilson, chief economist of Bank of America, told a Senate sub-committee yesterday that the planned divestitures would reduce the post-merger deposit concentration of the combined bank to less than 30 per cent of total deposits of commercial banks, mutual savings banks, savings institutions and credit unions in the five states - California, Washington, Arizona, Oregon and Nevada.

The merger, which is expected to go ahead in the next few weeks, has run into problems in Washington and Arizona, where state legislative panels have proposed laws that would limit to 30 per cent the total deposits the Bank of America-Security Pacific group could hold.

Bank of America argued yesterday that following the sale of 69 branches and $2.5bn of deposits in Washington, its share of total deposits in the state would be 26.1 per cent. The level in Arizona would be 24.8 per cent after the divestiture of 45 branches and $2.2bn of deposits in the state.

The planned merger will create the largest banking group on the west coast and the second biggest US bank in asset terms, with about $185bn of assets. The combined branch network, prior to the divestiture of 183 branches, would be 2,332.

RJR buys in $1bn worth of debentures

THE RELENTLESS refinancing at RJR Nabsico, the US tobacco and food group which was the subject of a record $25bn leveraged buy-out in 1989, continued yesterday when the company bought in $1bn worth of debenture stock, writes Nikki Tait in New York.

Funds to finance the purchase of the debenture stock came from RJR's newly-negotiated bank facilities. Essentially, the company is replacing the high-cost debenture debt with cheaper bank loans.

Last year, the company shed its "highly leveraged transaction" status. This is a technical banking definition, but by moving out of this category, RJR was able to win access to more attractive bank funds.

The purchase of debenture stock covers $750m principal of subordinated discount debentures due 2001, $165m principal of 15 per cent payment-in-kind subordinated debentures due 2001, and $85m principal of 13.5 per cent subordinated debentures due 2001.

INTERNATIONAL CAPITAL MARKETS

US Treasuries fail to give lead to European market

By Patrick Harverson in New York and Richard Waters in London

EUROPEAN markets continued to wait nervously yesterday on the US government bond market – and the US dollar – to set a new direction for bond prices. In the event, no new lead was forthcoming from across the Atlantic, and prices moved closely in ranges seen at the end of last week.

US Treasury prices weakened later yesterday as dealers and investors traded cautiously ahead of this week's big auctions of new securities.

In late trading, the benchmark 30-year bond was down ⅛ at 100¼, yielding 8.008 per cent. It was the first time the yield had risen above 8 per cent since last autumn. The two-year note was down 1/16 at 98 25/32, yielding 5.425 per cent.

Concern about the effect of today's sale of a record $14.25bn of two-year notes and tomorrow's sale of another record $9.75bn of five-year notes stems from the problems the market had in digesting the last round of new supply. Retail investors were notably shy of the new securities then, and the market is worried that if dealers are again left holding large inventories prices could take a big tumble.

Adding to the market's unease yesterday was the feeling that today's consumer confidence and auto sales figures will show improvement, further reducing the likelihood of another interest rate cut.

■ EUROPE, meanwhile, continued to watch and wait for further signs of US recovery. The most significant piece of news of the day – gross domestic product figures from France – failed to move longer-dated bonds, although it gave some support to shorter-dated paper.

The French GDP figures showed a flat picture, contrary to market expectations of a 0.6 per cent increase. That put GDP growth for the year as a whole at 1 per cent, well short of the 1.4 per cent predicted by the French government as recently as last September.

However, hopes of a French interest rate cut were kept in check by the memories, still fresh, of last autumn. Then, an interest rate cut had to be reversed when the Bundesbank raised rates just before Christmas, and market-watchers do not expect the French authorities to make the same mistake again.

■ A QUIET day in both Germany and the UK was reflected in little trading on the London International Financial Futures Exchange (Liffe): 28,000 and 16,000 contracts each in the bund and gilt futures contracts respectively.

Domestic investors are not expected to buy bunds in the short term, at least not as long as wage rise and strike fears continue to haunt the market.

In the UK, meanwhile, longer-dated gilts remained firm after market weakness at the end of last week. The benchmark 2003/2007 bond closed up ⅛ point on the day at 115 15/32. According to one observer, traders had left themselves short at the end of last week and helped to keep prices up yesterday by buying in the face of general market weakness.

■ JAPANESE government bonds weakened as hopes of an imminent cut in interest rates seemed to recede. Having opened in Tokyo slightly ahead of Friday, when the yield on benchmark No 129 closed at 5.345 per cent. During the day, however, prices slid as hoped-for intervention in the currency market to support the yen failed to materialise.

Also, a move by the Bank of Japan to keep conditions in the money market tight raised doubts about whether interest rates will be cut after the next Tankan survey of industrial confidence, expected at the end of next week.

The No 129, having closed in Tokyo on a yield of 5.385 per cent, slid further in London trading to close at 5.4 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	98.4614	-0.064	10.08	10.10	10.07
BELGIUM		9.000	06/01	101.5500	0.150	8.74	8.73	8.85
CANADA *		8.500	04/02	98.9300	-0.500	8.52	8.42	8.09
DENMARK		9.000	11/00	102.3200	0.020	8.60	8.60	8.48
FRANCE	BTAN	8.500	03/97	98.9145	-0.116	8.78	8.79	8.61
	OAT	8.500	11/02	98.8600	-0.300	8.51	8.47	8.37
GERMANY		8.000	01/02	100.4200	0.020	7.93	7.91	7.87
ITALY		12.000	02/02	98.7400	0.310	12.22†	12.25	12.20
JAPAN	No 119	4.800	06/99	95.3008	-0.097	5.71	5.72	5.53
	No 129	6.400	03/00	105.6212	-0.286	5.40	5.36	5.23
NETHERLANDS		8.250	02/02	99.5400	0.060	8.32	8.31	8.35
SPAIN		11.300	01/02	102.1500	0.070	10.75	10.82	10.78
UK GILTS		10.000	11/96	102-01	+0/32	9.45	9.45	9.66
		9.750	08/02	102-23	+1/32	9.34	9.38	9.45
		9.000	10/08	98-23	+4/32	9.16	9.13	9.23
US TREASURY *		7.500	11/01	100-08	-5/32	7.47	7.40	7.02
		8.000	11/21	100-10	-9/32	7.97	7.90	7.57

London closing, * New York closing. Yields: Local market standard
† Gross (including witholding tax at 12.5pc payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

Cosmo chiefs quit over Y36bn claim

By Stefan Wagstyl in Tokyo

THE chairman and vice-president of Cosmo Securities, a Japanese stockbroking company, are to resign to take responsibility for a Y36bn ($280m) loss suffered in a dispute with an investment client.

Cosmo accepted the loss in a court-mediated settlement with Skylark, a restaurant operator which invested considerable amounts in securities through Cosmo and other brokers.

The losses arose during the mishandling of complicated transfers of securities by Cosmo from one client account to another. The transfers are carried out near client company year-ends to avoid clients booking appraisal losses.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on February 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	105¼	105¾	-⅛	6.68
ALBERTA PROVINCE 9 3/8 95	600	107⅞	108	-⅛	6.89
AUSTRIA 8 1/2 00	400	104⅞	105⅛	-⅛	7.65
BANK OF TOKYO 8 3/8 96	100	103½	104⅛		7.33
BELGIUM 9 5/8 98	250	109⅝	110	-⅛	7.67
BFCE 7 3/4 97	150	101⅞	102⅛		7.29
BNP 8 5/8 94	300	105⅝	106	-⅛	6.05
BRITISH GAS 8 3/8 99	350	103⅝	103⅞	-⅛	7.75
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.89
COPENHAGEN TEL 8 5/8 96 LFr	600	98½	99½	-⅛	9.21
WORLD BANK 8 96 LFr	1000	96½	97½		9.03
ENERGIE BEHEER 8 3/4 98 Fl	500	102¼	102¾	-⅛	8.29
UNILEVER 9 00 Fl	500	105¼	105¾	+⅛	8.10
ALBERTA PROVINCE 10 5/8 96 C$	500	105¼	105½	-⅛	9.03
BELL CANADA 10 5/8 99 C$	150	106	106½	-⅛	9.44
BRITISH COLUMBIA 10 96 C$	500	105¼	105½	-⅛	9.02
[illegible]					

DEUTSCHE MARK STRAIGHTS — [illegible]

SWISS FRANC STRAIGHTS — [illegible]

FLOATING RATE NOTES — [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]					
CREDIT FONCIER 5 1/4 94	20000	99⅝	100		5.49
DENMARK 7 95	40000	104½	104¾		5.30
EIB 4 5/8 94	40000	99⅜	99⅝		4.92
ELEC DE FRANCE 5 5/8 96	20000	100⅜	100⅞	-⅛	5.52
FINLAND 6 3/4 96	50000	103½	103⅞	-⅛	5.76
INTER AMER DEV 7 1/4 00	30000	109⅝	109⅞	-⅛	5.78
KANSAI ELEC PWR 4 3/8 94	60000	98¼	98½		5.49
NIPPON TEL & TEL 5 7/8 96	50000	101¾	102		5.42
NORWAY 5 1/8 95	50000	99⅝	99⅞		5.25
SNCF 6 3/4 00	30000	106⅞	107¼	-⅛	5.66
SWEDEN 5 5/8 95	20000	100⅝	101⅛		5.42
WORLD BANK 6 3/4 00	50000	107⅛	107½	-⅛	5.61

CONVERTIBLE BONDS	Issued	Cnv. price	Bid	Offer	Prem.
[illegible]					
MITSUI BANK 2 5/8 03	200	2537¼	73⅝	75⅛	+18.71
MOUNT ISA FIN 6 1/2 97	100	2.283	96⅛	97⅛	+16.89
OGDEN 6 02	85	39.077	82⅝	83⅝	+42.71
SEGA ENTERPRISES 3 1/2 96	200	13018	106⅛	107⅛	
SMITH & NEPHEW 4 02 £	90	1.775	122	123⅛	+42.94
SUMITOMO BANK 3 1/8 04	300	3606.9	62	63	+28.01
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	90⅝	91⅛	+91.35
THORN EMI 5 3/4 04 £	183	7.45	120⅛	121½	+10.83

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, February 24, 1992. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	56.7954	34.4618	44.0133
Albania	(Lek)	10.1300	5.7968	3.5173	4.4922
Algeria	(Dinar)	38.4065	21.9779	13.3355	17.0317
Andorra	(Fr Fr)	9.7900	5.6022	3.3993	4.3414
	(Sp Peseta)	180.45	103.262	62.6562	80.0221
Angola	(Kwanza)	317.70	181.803	110.313	140.887
Antigua	(E Carr $)	4.6915	2.6846	1.6289	2.0804
Argentina	(Peso)	1.72875	0.9892	0.6002	0.7666
Aruba	(Florin)	3.1100	1.7796	1.0798	1.3791
Australia	(Aus $)	2.3350	1.3361	0.8107	1.0354
Austria	(Schilling)	20.235	11.5793	7.026	8.9733
Azores	(Port Escudo)	247.40	141.574	85.9027	109.712
Bahamas	(Bahama $)	1.7475	1	0.6067	0.7749
Bahrain	(Dinar)	0.6541	0.3743	0.2271	0.29
[illegible]					
Equat'l Guinea	(CFA Fr)	489.50	280.114	169.965	217.073
Ethiopia	(Ethiopian Birr)	3.5660	2.0406	1.2381	1.5813
Falkland Is	(Falk £)	1.00	0.5722	0.3472	0.4434
Faroe Is	(Danish Kroner)	11.1675	6.3905	3.8776	4.9523
Fiji Is	(Fiji $)	2.6170	1.4975	0.9086	1.1605
Finland	(Markka)	7.8820	4.5104	2.7368	3.4953
France	(Fr)	9.7900	5.6022	3.3993	4.3414
Fr. Cty/Africa	(CFA Fr)	489.50	280.114	169.965	217.073
Fr. Guiana	(Local Fr)	9.7900	5.6022	3.3993	4.3414
Fr. Pacific Is	(CFP Fr)	175.00	100.143	60.7638	77.6053
Gabon	(CFA Fr)	489.50	280.114	169.965	217.073
Gambia	(Dalasi)	15.4465	8.8391	5.3633	6.8498
Germany	(D-Mark)	2.8800	1.648	1	1.2771

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Ghana	(Cedi)	700.00	400.572	243.056	310.421
Gibraltar	(Gib £)	1.00	0.5722	0.3472	0.4434
Greece	(Drachma)	331.725	189.828	115.182	147.106
Greenland	(Danish Kroner)	11.1675	6.3905	3.8776	4.9523
Grenada	(E Carr $)	4.6915	2.6846	1.6289	2.0804
Guadaloupe	(Local Fr)	9.7900	5.6022	3.3993	4.3414
Guam	(US $)	1.7475	1	0.6067	0.7749
Guatemala	(Quetzal)	8.8505	5.0646	3.073	3.9248
Guinea	(Fr)	1411.35	807.639	490.052	625.876
Guinea-Bissau	(Peso)	8687.50	4971.39	3016.49	3852.55
Guyana	(Guyanese $)	210.70	120.572	73.1597	93.4368
Haiti	(Gourde)	8.6875	5	3.0164	3.8525
Honduras	(Lempira)	9.3975	5.3776	3.263	4.1674
Hong Kong	(HK $)	13.5465	7.7519	4.7036	6.0073
Hungary	(Forint)	136.20	77.9399	47.2916	60.3991
[illegible]					
Morocco	(Dirham)	14.92	8.5379	5.1805	6.6164
Mozambique	(Metical)	3340.10	1911.36	1159.76	1481.2
Namibia	(S A Rand)	4.9935	2.0575	1.7338	2.2144
Nauru Is	(Australian $)	2.3350	1.3361	0.8107	1.0354
Nepal	(Nepalese Rupee)	74.1915	42.4557	25.7609	32.9008
Netherlands	(Guilder)	3.2400	1.854	1.125	1.4368
N'nd Antilles	(A/Guilder)	3.1100	1.7796	1.0798	1.3791
New Zealand	(NZ $)	3.23125	1.849	1.1219	1.4329
Nicaragua	(Gold Cordoba)	8.6875	4.9713	3.0164	3.8525
Niger Rep	(CFA Fr)	489.50	280.114	169.965	217.073
Nigeria	(Naira)	17.7575	10.1616	6.1657	7.8747
Norway	(Nor. Krone)	11.2925	6.462	3.921	5.0077
Oman	(Rial Omani)	0.6680	0.3822	0.2319	0.2962

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak Rupee)	41.00	23.462	14.2361	18.1818
Panama	(Balboa)	1.7475	1	0.6067	0.7749
Papua New Guinea	(Kina)	1.6770	0.9596	0.5822	0.7436
Paraguay	(Guarani)	2473.40	1415.39	858.819	1096.86
Peru	(New Sol)	1.6900	0.967	0.5868	0.7494
Philippines	(Peso)	42.00	24.0343	14.5833	18.6252
Pitcairn Is	(£ Sterling)	1.00	0.5722	0.3472	0.4434
	(NZ $)	3.23125	1.849	1.1219	1.4329
Poland	(Zloty)	20623.0	11801.4	7160.76	9145.45
Portugal	(Escudo)	247.40	141.574	85.9027	109.712
Puerto Rico	(US $)	1.7475	1	0.6067	0.7749
Qatar	(Riyal)	6.3154	3.6139	2.1928	2.8006
Reunion Is de la	(F/Fr)	9.7900	5.6022	3.3993	4.3414
Romania	(Leu)	343.51	196.572	119.274	152.333
Rwanda	(Fr)	219.59	125.66	76.2465	97.3791
[illegible]					
Vanuatu	(Vatu)	191.15	109.385	66.3715	84.7671
Vatican	(Lira)	2160.75	1236.48	750.26	958.204
Venezuela	(Bolivar)	105.65	60.4577	36.684	46.8514
Vietnam	(Dong)	19633.75	11235.3	6817.27	8706.76
Virgin Is-British	(US $)	1.7475	1	0.6067	0.7749
Virgin Is-US	(US $)	1.7475	1	0.6067	0.7749
Western Samoa	(Tala)	4.1970	2.4017	1.4573	1.8611
Yemen (Rep of)	(Rial)	22.5005	12.8758	7.8126	9.978
Yemen (Rep of)	(Dinar)	0.8080	0.4623	0.2805	0.3583
Yugoslavia	(Dinar)	242.9675	139.037	84.3637	107.746
Zaire Rep	(Zaire)	197567.0	113057	68599.7	87612.9
Zambia	(Kwacha)	213.25	122.031	74.0451	94.5676
Zimbabwe	($)	8.8875	5.0858	3.0859	3.9412

Special Drawing Rights February 21, 1992 United Kingdom £0.789471 United States $1.37660 Germany D Mark 2.27621 Japan Yen176.824
European Currency Unit Rates February 24, 1992 United Kingdom £0.709817 United States $1.23437 Germany D Mark 2.04634 Japan Yen159.728

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate, (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate;
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday, February 24, 1992

LEGAL NOTICE

LIME STREET UNDERWRITING AGENCIES LIMITED
SUDBROOK UNDERWRITING AGENCIES LIMITED
LIME STREET UNDERWRITING AGENCIES (1976-1980) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that meetings of the creditors of the above-named companies will be held at the Chartered Insurance Institute, 20 Aldermanbury, London, EC2V 7HY on Friday 6 March 1992 at 11.00 am, 12 noon and 12.05 respectively for the purposes of receiving a statement of affairs, to nominate a liquidator and to appoint a liquidation committee.

Creditors are only entitled to vote at the meetings if a proof of debt and proxy form has been lodged at the company's registered office Shelley House, 3 Noble Street, London EC2V 7DQ no later than 12 noon on 5 March 1992.

A list of names and addresses of the companies' creditors will be available for inspection, free of charge, at Shelley House, 3 Noble Street, London EC2V 7DQ on 4 March 1992 and 5 March 1992 between the hours of 10.00 am and 4.00 pm.

Dated 17 February By Order of the Board
R U Gethin-Jones, Director

INTERNATIONAL CAPITAL MARKETS

Deals at attractive prices whet investors' appetites

By Tracy Corrigan

STRONG demand for a $400m offering for the Republic of Austria and a £100m issue of subordinated debt by Abbey National yesterday showed that, even in rather lacklustre market conditions, investors' appetites can still be tempted by attractively-priced deals issued by strong credits.

INTERNATIONAL BONDS

The inventory of unsold paper left over from last month's deluge of aggressively-priced dollar deals has not yet been cleared, but is being passed over in favour of attractively priced sovereign paper.

Yield spreads of some top quality paper have continued to narrow. In particular, the World Bank's $1.5bn 10-year global issue is now yielding two basis points less than the comparable US Treasury.

Consequently, Austria's 10-year deal, priced to yield 25 basis points above the comparable Treasury, appeared attractive, even against deals which have performed poorly, like Crédit Local's 10-year issue currently trading at 27 basis points over the 10-year Treasury.

The recent dip in supply of dollar paper may persist due to the relative lack of swap opportunities, although demand for paper is improving, as investors take a more positive view on the dollar.

The Austrian deal had an unusual triple-currency swap structure: the interest payments are swapped into D-Marks while principal will be repaid in Swiss francs and yen.

In the sterling sector, Abbey National successfully raised £100m of subordinated debt, which will count as lower-tier two under Basle capital adequacy guidelines. Abbey holds a high proportion of tier one capital, due to the substantial amount of equity raised when the bank was floated in 1989, but is seeking to build up its tier two capital in order to make more efficient use of its equity, an official said.

The deal met strong demand, especially from UK fund managers who focused on the attractive 90 basis point spread for a double A-rated credit, rather than the subordinated status of the debt.

By the end of the day, the deal was offered at a spread of 88 basis points above the 10-year gilt. The reception of the issue was not marred by confusion on Friday, when J. P. Morgan began to syndicate the deal, under the misapprehension that the mandate had been awarded to Morgan to launch the deal at a spread of 95 basis points above the gilt.

Dealers said the positive reception also reflected the generally bullish sentiment pervading the sterling bond market. Continental European as well as UK demand remained firm as investors focus on the likelihood of lower interest rates.

"The market is not factoring in the possibility of a Labour victory" in the forthcoming UK elections, according to one trader. However, swap spreads are unattractive, so the supply of new issues is likely to be limited. The Abbey National deal was swapped into floating-rate sterling.

In the Ecu sector, the Council of Europe added an Ecu135m tranche to its outstanding Ecu365m two-year deal.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Republic of Austria(a)†	400	7⅞	99.96	2002	32.5/15bp	Daiwa Europe
Alisa No. 2(b)‡†	120	(b)	100	1997	1/⅞	Nomura Int.
STERLING						
Abbey Nat.Sterling Cap.(c)†	100	10⅛	100.95	2002	2	BZW Secs.
ECUs						
Council of Europe(d)†	135	9⅜	100½	1994	15/10bp	Lehman Bros.
SWISS FRANCS						
St.Bk of New South Wales(a)★★†	75	6¾	101¼	1997	-	SBC
D-MARKS						
Deutsche Finance Neth.BV(e)†	1bn	8¼	102	1999	1⅞/1½	Deutsche Bank

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Coupon pays 110bp over 6-month Libor. Non-callable. c) Subordinated issue. Non-callable. d) Fungible with existing Ecu365m deal. Non-callable. e) Amount increased from DM500m. Non-callable.

Sao Paulo brokerages may be sued

THE Sao Paulo Stock Exchange (Bovespa) plans to bring administrative charges against two brokerages suspected of price manipulation, according to Mr Alvaro August Vidigal, Bovespa president, Reuter reports from Sao Paulo.

If a Bovespa administrative council rules that the two brokerages, Banco Garantia and Talarico, are guilty, they could be fined and suspended from operating in the market for up to 90 days, Mr Vidigal said. "We already have enough evidence that these two firms attempted to manipulate the market."

Mr Vidigal said the exchange would be in charge of the administrative prosecution, but if the brokerages were found guilty the case could be passed to police for criminal prosecution.

"If the fraud is confirmed, we will also take the case to the CVM [the Brazilian Securities Exchange Commission] and to the Public Ministry," Mr Vidigal said. If the case were to reach the Public Ministry, directors and traders from the companies involved might be criminally prosecuted.

Most swaps cases settled out of court

By Richard Waters

MOST OF the legal actions singled out to act as lead cases between banks and UK local authorities over interest rate swap agreements have been settled out of court, it was announced yesterday.

Barclays and Midland banks said they had each settled two claims from local authorities, although the sizes of the settlements were undisclosed.

The High Court determined last July on six lead cases between banks and local authorities to save the courts from being inundated with claims relating to the transactions involving 80 banks, 130 councils and some £500m.

The cases resulted from the House of Lords ruling early last year that local authorities were acting outside their powers when entering swap agreements. This left open to banks only the opportunity to take action for restitution, to recover sums paid out to authorities under the agreements. These payments are estimated to amount to only around 20 per cent of banks' total losses.

Barclays said it had settled two restitution claims against Hammersmith and Fulham, which had been due to come to court in February. The bank, which had already written off £41m against local authority swap deals, said its claim against the authority had been for £656,000 plus interest, but refused to disclose the size of the settlement.

Midland has settled two claims against Birmingham City Council. The cases had been due to start yesterday.

The settlements are believed to be the first since last July, when the lead cases were decided on. Before that, several banks had reached settlements with local authorities.

In two of the earlier settlements, Ogwr Borough Council in South Wales paid Citicorp Investment Bank more than £1m, and Hammersmith and Fulham settled with one of the banks involved.

The swaps involved councils exchanging their interest obligations, normally from fixed to floating rate, in the expectation that rates would fall.

All change for Stockholm bourse

Robert Taylor on the proposal to end the exchange's monopoly

SWEDEN'S centre-right coalition government has just announced it intends to abolish the securities trading monopoly held by the Stockholm bourse by the beginning of next year at the latest.

A draft bill to be presented to parliament proposes the reform of the existing system of securities trading by allowing the creation of alternative markets to compete with the traditional stock exchange.

Mr Bo Lundgren, the tax minister responsible for the bourse, said the change was aimed at improving the functioning of the market by ensuring optimal use of resources in the reallocation of savings into profitable industrial investments.

The government plans to make two kinds of authorisation available in Sweden for trading in securities. The first would be the familiar one for the operation of the stock exchange. The Stockholm bourse is to be transformed into a limited liability company and the bourse's members and issuers will be free to subscribe for shares in the new company.

The second form of authorisation will cover what the Swedish government calls "recognised markets". These would be less regulated and comprehensive and more flexible than the normal stock exchange and burdened with fewer legal obligations with an avoidance of cumbersome registration procedures.

Access to the "recognised markets" will be open not only to those already eligible for bourse membership but also others not authorised, such as insurance companies, mutual funds, industrial enterprises and portfolio managers, as long as they are deemed to have sufficient capital strength and are considered suitable to operate in trading.

The legislation says each "recognised market" would determine the conditions applicable to its trading such as the required amount of shares distributed, the minimum size of a company and the kind of information obligation required of the companies listed in the market.

The Stockholm bourse is not opposed in principle to the end of its monopoly but it does object to any change that might damage its own activities through losing lucrative business to other markets.

"We strongly support free competition and we are happy to compete but we want to do so on a level playing field," explains Mr Leif Vindervag, the head of research at the bourse. "What we fear is that the recognised markets might offer a cheaper way of trading which could cream away many large companies.

Bengt Ryden: plans to attract foreign investors

"After all, we have comprehensive obligations to all listed companies, and must provide a similar service to small as well as large enterprises."

Mr Lundgren argues the proposed changes are required to adapt Sweden's stock exchange legislation to international standards and particularly to the relevant European Community rules, though the Stockholm bourse questions whether this is the real reason for the reform.

The end of the monopoly is a crucial ingredient in the Swedish government's wider free market strategy, designed to encourage a greater volume of securities trading in Sweden and stimulate more liquidity in the market.

Last December a 0.5 per cent turnover tax on share dealing was abolished, a move that has already brought back trading that went to London and other foreign markets.

The government recently signalled its intention to end the restricted share system and ensure that, from next January, all shares are freely available for purchase by foreigners and Swedes alike, rather than the 30 per cent as at present.

This spring the first of Sweden's large privatisations will take place and this is also expected to stimulate considerable bourse interest.

Mr Vindervag estimates that those reforms could improve business turnover on the Stockholm bourse by more than 50 per cent this year.

The bourse is more worried at the moment about the attractions for trading in Swedish securities in markets outside Sweden, rather than with any future competitive challenge within the country's own borders.

Mr Bengt Ryden, the bourse head, plans to visit London next month to bang the drum for the Stockholm exchange to foreign investors.

EC, SEC may hold talks on New York listing

By David Waller in Frankfurt

THE European Community is likely to enter into direct negotiations with the Securities & Exchange Commission – the US securities regulator – over removing obstacles to the listing of German and other European companies' shares on the New York Stock Exchange.

The development follows unsuccessful attempts last year by a number of large German companies to persuade the SEC to moderate its requirement that all foreign companies wanting to list their shares in the US should comply with full listing requirements.

Not a single German company has a listing in the US, chiefly because of an extreme reluctance to publish figures in line with US Generally Accepted Accounting Principles as required by the SEC. US accounting rules require far greater disclosure than the German equivalent and have a tendency to make reported profits look more generous than in Germany.

German companies, including Daimler-Benz, the big chemicals companies and some big banks, are believed to have argued with the SEC last year that their shares ought to be accepted for a listing on a reciprocal basis – namely that if they have met listing requirements in Germany they ought to be accepted in the US too.

Merrill Lynch president to become chief executive

By Patrick Harverson in New York

MR Daniel Tully moved a step nearer to taking over the helm at the biggest securities house in the US yesterday when Merrill Lynch announced he will take over the additional post of chief executive in May.

The announcement did not surprise Wall Street as in recent years Mr Tully, currently president and chief operating officer, has played an increasingly important role in the running of Merrill.

The post of chief executive is filled now by Mr William Schreyer, Merrill chairman, who has held the post since 1985 but who plans to retire in June 1993. Although Merrill will not confirm it officially, yesterday's decision makes it almost certain that Mr Tully will succeed Mr Schreyer as chairman.

The two have effectively run Merrill for the past 10 years, and have earned equal amounts of criticism (for letting costs run wild and profitability deteriorate during the 1980s) and praise (for cutting costs and improving profitability in the past three years) during their stint at the top.

Both Mr Schreyer, 64, and Mr Tully, 60, joined Merrill in the early part of their careers. Mr Tully has been credited with helping the firm build up its asset management business to such an extent that it now manages $435bn of client assets.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Feb 24 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Fri Feb 21 Index No.	Thu Feb 20 Index No.	Wed Feb 19 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (178)	798.29	+0.8	8.25	5.97	15.51	1.41	791.64	791.99	788.18	813.36
2 Building Materials (23)	981.19	+0.9	7.12	6.33	18.92	0.44	972.08	973.11	972.19	1124.57
3 Contracting, Construction (28)	886.07	+0.4	8.99	8.24	16.05	1.32	882.30	883.85	886.14	1274.03
4 Electricals (7)	2457.77	....	10.05	6.10	12.52	1.47	2457.26	2450.77	2447.93	2195.28
5 Electronics (26)	1824.07	+1.3	10.04	4.69	12.63	1.86	1800.39	1801.16	1766.01	1775.23
6 Engineering-Aerospace (8)	328.50	-0.2	12.46	7.91	9.76	5.78	329.24	324.10	324.18	411.58
7 Engineering-General (43)	493.62	+0.9	9.41	4.78	13.13	1.21	489.27	[illegible]	488.16	408.34
8 Metals and Metal Forming (10)	328.82	+0.4	2.11	10.52	-	0.00	327.50	325.70	323.94	446.32
9 Motors (14)	319.52	+1.7	7.95	7.41	16.71	0.00	314.23	314.32	311.14	325.44
10 Other Industrial Materials (19)	1612.41	+0.8	7.46	5.08	15.94	0.69	1599.59	1606.45	1601.73	1422.77
21 CONSUMER GROUP (188)	1680.69	+0.5	6.90	3.31	17.81	4.74	1672.42	1675.31	1668.55	1337.93
22 Brewers and Distillers (23)	2124.70	+1.4	7.56	3.34	15.95	7.92	2095.84	2107.33	2101.47	1674.52
25 Food Manufacturing (18)	1280.89	+0.6	8.43	3.97	14.64	2.11	1273.64	1275.89	1269.33	1131.41
26 Food Retailing (17)	2619.43	+2.1	8.43	3.16	15.42	4.06	2566.54	2544.73	2515.28	2522.20
27 Health and Household (24)	4420.14	-0.5	5.27	2.33	21.65	15.12	4441.00	4423.23	4447.81	3942.72
29 Hotels and Leisure (23)	1294.99	+0.4	7.19	5.20	17.34	8.54	1290.38	1302.32	1306.55	1280.31
30 Media (24)	1547.90	+0.3	6.31	3.53	19.92	2.97	1543.17	1533.58	1514.28	1324.27
31 Packaging, Paper & Printing (17)	751.91	+0.4	7.04	4.41	17.22	0.22	748.86	747.80	740.80	600.56
34 Stores (32)	1062.63	+0.3	6.95	3.40	19.07	1.91	1059.15	1068.95	1063.03	865.68
35 Textiles (10)	636.80	-0.2	7.21	4.86	17.70	0.53	638.20	630.39	626.95	451.40
40 OTHER GROUPS (116)	1231.60	+0.5	9.79	5.38	12.88	6.41	1224.95	1233.40	1226.48	1129.31
41 Business Services (16)	1403.88	+0.6	7.14	4.67	17.80	0.27	1395.62	1408.45	1394.44	1058.75
42 Chemicals (21)	1518.58	+1.2	6.61	4.82	18.72	0.59	1501.23	1514.96	1508.47	1218.73
43 Conglomerates (11)	1326.62	+0.2	10.92	7.63	11.15	3.18	1323.58	1326.26	1315.07	1475.04
44 Transport (14)	2413.34	+0.3	5.26	4.60	25.11	2.46	2407.16	2422.08	2397.30	2072.03
45 Electricity (16)	1203.95	+0.7	15.06	6.17	8.64	17.21	1195.11	1206.17	1203.40	1122.60
46 Telephone Networks (4)	1410.01	+0.2	11.13	4.45	11.73	16.02	1406.90	1411.54	1405.26	1271.21
47 Water (10)	2429.65	+1.1	17.56	6.54	6.27	0.00	2402.39	2453.60	2467.82	2422.54
48 Miscellaneous (24)	1847.99	+0.5	5.54	5.28	24.63	1.18	1839.56	1850.45	1830.93	1788.45
49 INDUSTRIAL GROUP (482)	1315.38	+0.6	8.03	4.42	15.57	4.43	1307.92	1311.16	1305.86	1147.68
51 Oil & Gas (18)	2021.08	+0.3	9.46	6.97	13.96	36.07	2015.89	1998.01	2004.55	2249.84
59 500 SHARE INDEX (500)	1382.79	+0.5	8.17	4.68	15.39	6.70	1375.39	1377.19	1372.64	1240.99
61 FINANCIAL GROUP (87)	727.99	+1.0	-	6.40	-	2.61	720.97	717.64	717.15	782.03
62 Banks (9)	903.95	+1.9	4.51	5.94	44.34	6.20	887.02	875.52	872.33	830.28
65 Insurance (Life) (6)	1432.78	+1.2	-	5.96	-	0.00	1415.77	1415.30	1416.82	1440.93
66 Insurance (Composite) (7)	483.01	+0.5	-	9.03	-	0.00	480.47	481.00	481.50	699.66
67 Insurance (Brokers) (10)	961.02	-1.5	8.05	6.95	16.35	2.37	976.08	976.39	989.19	1037.66
68 Merchant Banks (7)	478.83	-0.1	-	4.48	-	0.00	479.19	479.77	479.77	403.18
69 Property (33)	753.35	-0.1	7.64	6.02	17.92	0.93	754.22	761.10	761.91	1017.43
70 Other Financial (14)	245.91	-0.5	8.09	7.08	16.33	0.89	247.23	246.00	245.30	273.38
71 Investment Trusts (68)	1177.73	+0.1	-	3.72	-	4.11	1175.00	1172.81	1172.41	1118.34
99 ALL-SHARE INDEX (654)	1226.45	+0.6	-	4.06	-	5.72	1219.36	1220.01	1216.45	1128.16

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 21	Feb 20	Feb 19	Feb 18	Feb 17	Year ago
FT-SE 100 SHARE INDEX♦	2559.7	+17.4	2563.1	2533.5	2542.3	2543.4	2536.7	2555.9	2541.0	2325.5

FIXED INTEREST

PRICE INDICES	Mon Feb 24	Day's change %	Fri Feb 21	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (26)	122.48	+0.02	122.46	1.92	1.65
2 5-15 years (26)	136.59	+0.06	136.67	1.67	2.94
3 Over 15 years (9)	148.08	+0.09	147.96	2.61	0.88
4 Irredeemables (6)	163.60	-0.15	164.99	2.30	1.14
5 All stocks (67)	134.72	+0.05	134.76	1.89	2.31
Index-Linked					
6 Up to 5 years (2)	169.34	-0.03	169.40	0.10	1.37
7 Over 5 years (9)	148.94	-0.04	149.00	0.58	0.90
8 All stocks (11)	150.62	-0.04	150.68	0.51	0.95
9 Debs & Loans (62)	118.08	+0.07	119.55	1.91	2.07

AVERAGE GROSS REDEMPTION YIELDS		Mon Feb 24	Fri Feb 21	Year ago (approx.)
British Government				
1 Low	5 years	8.59	8.60	9.27
2 Coupons	15 years	9.16	9.16	9.54
3 (0%-7¾%)	20 years	9.16	9.16	9.69
4 Medium	5 years	9.41	9.41	10.08
5 Coupons	15 years	9.24	9.24	9.93
6 (8%-10¾%)	20 years	9.20	9.20	9.87
7 High	5 years	9.64	9.65	10.24
8 Coupons	15 years	9.34	9.34	10.08
9 (11%-)	20 years	9.27	9.27	9.98
10 Irredeemables		9.36	9.34	9.88
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.65	3.64	3.68
12 Inflation rate 5%	Over 5 yrs.	4.31	4.30	4.15
13 Inflation rate 10%	Up to 5 yrs.	2.97	2.95	2.22
14 Inflation rate 10%	Over 5 yrs.	4.12	4.11	3.96
15 Debs &	5 years	10.86	10.83	12.03
16 Loans	15 years	10.63	10.62	11.69
17	25 years	10.46	10.46	11.43

♦Opening Index 2533.5; 9 am 2543.3; 10 am 2555.3; 11 am 2559.6; Noon 2563.0; 1 pm 2560.4; 2 pm 2559.0; 2.30 pm 2559.0; 3 pm 2558.6; 4.10 pm 2560.4; (a) 3.48pm (b) 8.30am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	28	24	29
Other Fixed Interest	6	3	8
Commercial, Industrial	377	151	949
Financial & Property	153	93	546
Oil & Gas	21	14	57
Plantations	2	0	7
Mines	27	38	85
Others	35	53	42
Totals	649	376	1,723

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

LONDON TRADED OPTIONS

[illegible]

TRADITIONAL OPTIONS

- First Dealings Feb. 17
- Last Dealings Feb. 28
- Last Declarations May 28
- For settlement June 8

3-month call rate indications are shown on this page.

Calls in **Burton, Cannon Street Invs., B. Elliott, Flexitech, Gestetner, Greycoat, Lucas warrants, J. Mowlem, NSM, Premier Cons., Ratners** and **Saatchi & Saatchi.** Put in **Aviva Pet.** Put and call in **Berisford Intl.**

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS		Charter Cons.	40	Ladbroke	17	Sears	7½	■ OILS	
Allied-Lyons	55	Comm Union	38	Legal & Gen	31	SmKl Bchm A	78	Aviva Pet	1¼
Amstrad	–	Courtaulds	33	Lex Service	18	TI	–	BP	22
Astec (BSR)	3	Eurotunnel	20	Lloyds Bank	31	TSB	10½	Burmah Castrol	40
BAT Inds	60	FKI	5½	Lonrho	10	Tesco	17	Conroy Pet	7½
BOC	40	FNFC	12	Lucas Inds	19	Thorn EMI	65	Gaelic Res	3
BTR	39	Forte	10	Marks Spencer	18	T & N	–	Premier Cons	3
Barclays	24	GKN	21	Midland Bank	35	Unilever	70	Shell	37
Blue Circle	20	Gen Accident	35	NatWest Bank	35	Vickers	14	Tuskar Res	1
Boots	25	GEC	11	P & O Dfd	–	Wellcome	75	■ MINES	
Bowater	50	Glaxo	70	Racal Elect	4½	■ PROPERTY		RTZ	59
Brit Aerospace	27	Grand Met	78	RHM	18	Brit Land	21		
British Steel	6	GRE	11	Rank Org	45	Land Sec.	38		
Brit Telecom	24	Hanson	16	Ratners	5	MEPC	31		
Cadburys	33	ICI	90	Reed Intl	40	Mountleigh	2½		

UK COMPANY NEWS

European side limits fall at Low & Bonar to 4%

By Angus Foster

LOW & BONAR yesterday announced a slight fall in profits and a maintained dividend, as UK and North American operations were affected by recession.

The Dundee-based packaging and plastics company reported a 4 per cent fall in pre-tax profits to £24.3m for the year to November 30.

Turnover dipped to £307.7m (£310.9m).

Mr Roland Jarvis, managing director, said that most divisions performed well in the second half. Cost-cutting, still underway, and investment in capacity should allow "reasonable" profits growth this year, he said.

Operations in continental Europe, started in 1985, lifted profits and margins. The Continent accounted for 32 per cent of total operating profits, up from 27.8 per cent last time. European margins improved to 11.2 per cent (10.8 per cent) and both Germany and Belgium remained strong.

Directors are recommending a final dividend of 6.4p for an unchanged total of 9.1p.

Earnings per share fell to 18.82p (19.71p), partly reflecting a higher tax charge.

In the UK, operating profits from packaging fell slightly to £7.5m (£7.9m), due to declines in the retail bag market. But specialist materials, which includes Flotex floor coverings, maintained operating profits at £3.7m.

The company is looking at three acquisitions on the Continent.

Net borrowings have fallen to £13.2m (£14.3m) while gearing has dropped to 10.2 per cent.

The shares yesterday rose 8p to 259p.

COMMENT

These are respectable figures from Low & Bonar, which is coping with recession through cost-cutting and improved margins. The company's forecast of a 10 per cent increase in pre-tax profits this year assumes no increase in sales, which augurs well for when the economic upturn arrives in the US and the UK. But after rising nearly 30 per cent in the last 12 months, partly in sympathy with the rest of the sector, the shares are no longer cheap. James Capel, the stockbroker, has increased its forecast for this year to £26.5m pre-tax, putting the shares on a prospective multiple of 12.8. Given the company's history of false dawns, investors would be forgiven for waiting for another set of results before giving it the re-rating it believes it deserves.

Arms dealer beats Black to buy Israeli paper from Andersen

By Judy Maltz in Jerusalem

MR YAACOV Nimrodi, an Israeli arms dealer, has bought Máariv, Israel's second largest daily newspaper, from Arthur Andersen, administrator of the late Mr Robert Maxwell's assets in Israel.

Mr Nimrodi fought off competition from Mr Conrad Black, the Canadian press magnate who was the other serious contender for the paper.

Mr Black's Hollinger group, whose holdings include the Daily Telegraph and the Australian Fairfax newspaper chain, already owns the Jerusalem Post, Israel's English-language daily.

The offer is being made through Israel Land Development, in which Mr Nimrodi holds a majority stake. It has signed an agreement to buy 87 per cent of the Máariv Modiin Publishing House for $14.5m (£8.2m).

The offer is being made in tandem with Mr Shimon Cheifetz, Máariv's managing director, who already has 8 per cent of the company's shares. Aside from the newspaper, Máariv Modiin's subsidiaries include a video company, a printing house, a woman's magazine and cable television.

Mr Nimrodi's son, Ofer, managing-director of Israel Land Development, said the newspaper's editorial board would continue to enjoy "absolute independence and freedom of the press".

Máariv Modiin is understood to carry debt of about $30m and is said to require a capital injection in addition to the buying price. A survey published this week by the Israel Advertisers Association showed that Máariv's circulation had declined in 1991.

Mr Maxwell was the first foreigner to buy an Israeli newspaper. His plans for Máariv to capture part of the market held by Yediot Aharonot, Israel's largest daily, were never fulfilled.

Banks take 9.9% stake in Aitch restructure

By Richard Gourlay

AITCH HOLDINGS, the clothing manufacturer and importer, has agreed a financial restructuring with its bankers and new loans from the Industrial Development Board for Northern Ireland.

Reporting a £6.9m pre-tax loss in the year to November 30, Mr Michael Green, chief executive, said the group was "viable going forward" as a result of the restructuring and the repositioning of the shirts business in Northern Ireland.

The restructuring leaves the new board and the group's bankers with nearly 17 per cent and 9.9 per cent respectively of the company.

Cahoots, a menswear importer, has been sold for £247,000 cash. Mr Harry Rogers, who reversed Aitch into Munton Group in 1988, has left the board and paid £681,000 for Naughty Clothing, which designs, sources and imports ladies clothes.

In the year to November 30 they incurred a loss after all charges of £1.2m. Aitch said that the sales would release the substantial working capital.

The group will concentrate on developing its shirt and ladies leisurewear businesses.

Some £5.3m of the group's overdraft has been converted into a three-year loan and the IDB of Northern Ireland has put up £500,000 of new money.

The group made an £8.87m write-off of goodwill as part of a £10.16m extraordinary charge. As a result, the company will be seeking a reduction of capital.

Turnover for the year was £36.5m, of which £19.7m related to continuing activities generating a pre-tax loss of £4.08m. Total losses per share were 10.03p.

Unlicensed but determined to thrill

Thames TV is planning its new future. Raymond Snoddy reports

MORE THAN five months after the fateful fax that ended Thames Television's life within the ITV network the future of the company is beginning to take shape.

Mr Richard Dunn, chief executive of Thames, outbid by Carlton Communications in the competitive tenders for new franchises, estimates that the new Thames will employ 235 people. That compares with an historic high of 2,600 and a total of 1,400 at the end of last year.

The phased pattern of redundancies is continuing and by the time Thames hands over to Carlton Television at the end of this year what was the largest ITV company will have shrunk to having fewer than 500 staff.

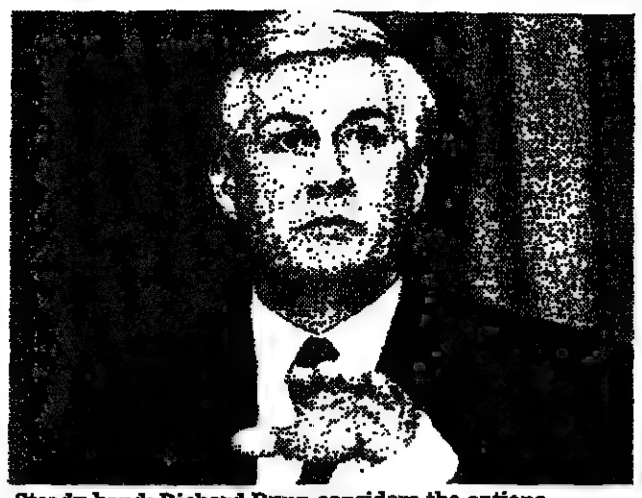
"One thousand two hundred men and women are losing their livelihoods on a poker play. Long-established and experienced teams are being broken up for ever," was how Mr Dunn described the process last week at a Financial Times conference. It was the first time the Thames chief executive had spoken publicly since the day the franchise was lost.

As people leave and departments are closed, or reduced to a skeleton staff, Thames has also cut its output of regional programming to the minimum allowed and been given a substantial cut by the rest of ITV in this year's network expenditure.

For staff every day brings a new "salami" cut in services. Yesterday's memo was about a reduction in the department that deals with viewer correspondence.

The in-house music library has closed and the newspaper cuttings department now only cuts the tabloid newspapers not the broadsheets.

"We expect to be strongly cash positive in 1992 and 1993 as the cost base reduces radically, working capital unwinds and asset disposals are made," said Mr Dunn, adding that the interests of shareholders would come first. The company is 58 per cent owned by Thorn EMI, the music and rentals group.



Steady hand: Richard Dunn considers the options

Although a wide range of options for the future are still being considered the preferred route forward is as an independent producer selling programmes to the ITV network, while remaining a publicly quoted company.

An ITV sub-committee, which includes Mr Greg Dyke, chief executive of London Weekend Television and chairman of the ITV Association, is negotiating to buy Thames programmes. The package being talked about includes programmes such as The Bill, This Is Your Life, Minder, Strike It Lucky, Des O'Connor and Wish You Were Here?

The negotiations are centring on price and the length of contract. Thames is trying to hold out for two-year deals.

Thames is also discussing a number of new programme ideas with the BBC and drawing up plans to exploit a 10,000 programme library.

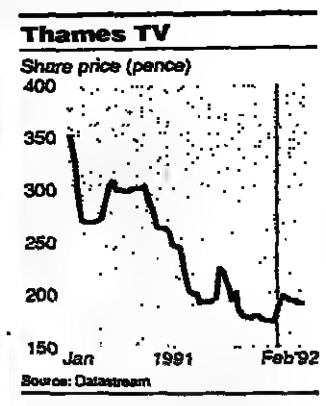
It is also looking for 15 per cent stakes in a number of ITV companies or competing channels to help to build up secondary markets for its programmes. Under the 1990 Broadcasting Act 15 per cent investments are the maximum allowed to independents if they want to retain access to the 25 per cent quota set aside for independent production on UK television.

Only if the independent production route is blocked is Thames likely to dust down Plan B – using the Astra satellite system to launch a 24-hours a day channel as early as the end of this year.

Another possibility is taking part in a bid for the new Channel 5 and also broadcasting the channel on satellite. But Mr Dunn is still extremely cautious about Channel 5.

"I still find it difficult to decide whether it is an opportunity or a threat" is how he described it.

The Dunn blueprint envisages a UK production staff for Thames, including its Euston Films subsidiary, of only 40 by the middle of next year. A further 35 will work in international programme distribution. Together they will make up the core of the new business.



Some 50 staff are expected to survive, after 80 redundancies at Cosgrove Hall, the Thames cartoon production company now making a Noddy cartoon series for the BBC.

In the US there will be 50 jobs at Reeves Entertainment, the American acquisition.

"With production based in London, New York and Hollywood we aim to be a natural highway for co-production finance, especially between the United States and Europe," Mr Dunn hoped. The Thames group management to look after investments in SES, the Astra satellite company, Independent Television News, Oracle, the teletext company and Childrens Channel will number less than 20.

A further 40 will service Teddington Studios which will offer its facilities to both the independent production sector and the BBC.

"It will either market its services successfully enough to recover its costs or this aspect of our operations will close," warned Mr Dunn.

The same could probably said of all of Thames operations after 1993 in the harsh world of commercial television without a broadcasting licence.

Rent dispute at Mirror HQ

A dispute has arisen over whether Mirror Group Newspapers has paid all the rent due on its Holborn headquarters, the High Court heard yesterday, writes Raymond Hughes.

Mr Jeffery Onions, counsel for the administrative receivers of Robert Maxwell Estates, co-lessor of the Mirror building and other properties leased to Maxwell Communication Corporation, said some but not all of the rent due had been paid after service earlier this month of a notice under the 1908 Law of Distress Amendment Act.

The next quarterly rent was due on March 24. If payment was not received RME would return to court to seek leave to start proceedings for possession of the Mirror building.

Management buy-out at magazine arm of MCC

By Raymond Snoddy

MAXWELL Consumer Publishing & Communications, the publisher of consumer magazines and titles produced under contract, has been bought by its management.

The buy-out is being backed by ECI, the venture capital group, with the Bank of Ireland providing senior debt and overdraft facilities.

MCPC is part of Maxwell Communication Corporation, which is now in administration. The publishing business consists of 86 titles and has annual turnover of about £30m.

The new company, Headway Home & Law Publishing Group and trading as HHL Publishing, includes titles such as High Life, the in-flight magazine published for British Airways, and The Job Newspaper, published for the Metropolitan Police.

The news-stand consumer magazines range from Wedding and Home and Practical Householders to The Gardener and Rock Power.

Mr Martin Makey of ECI will be chairman of HHL and Mr Terry Humphreys will be chief executive. Mr Humphreys said yesterday that by completing the buy-out the team had been able to protect creditors, clients, readers and staff. The staff numbers about 300.

Bids, including an MBO, are now being considered for Maxwell Business Communications.

Fraud inquiry at Alan Paul

By Angus Foster

The Merseyside fraud squad is investigating Alan Paul, the hairdressing and beauty company placed in receivership last December.

Papers are being evaluated by the Crown Prosecution Service, but police have refused to discuss details of the investigation. Questions were raised ahead of the receivership about Alan Paul's financing arrangements for its franchises. Franchisees also claimed their accounts were mismanaged.

Alan Paul was a high profile company which claimed to be recession proof when it came to the USM in 1989. It was hit by a failed rights issue, profits warnings and boardroom rows.

BZW revises accounting bulletin

By Andrew Jack

BARCLAYS de Zoete Wedd, the investment banking arm of Barclays, the UK clearing bank, yesterday issued an emasculated version of its circular on changes in UK accounting policy which created an embarrassing storm of protest when a draft was first circulated earlier this month.

The bulletin describes the changes in accounting standards currently being introduced by the Accounting Standards Board, and presents some analysis of their implications.

An earlier draft, which was never officially released, though details of it were reported in the press, gave examples of five companies in which earnings figures would be significantly different if redrafted under the new standards.

News of the analysis affected the share price of the companies concerned – Fisons, P&O, Ladbroke, Cable & Wireless and British Airways.

It is also believed to have generated angry letters and phone calls from some of these companies, putting BZW under pressure to withdraw its document.

BZW was at pains yesterday to distance itself from the earlier draft, which it said had been misinterpreted. Copies of this document have been recalled and shredded.

However, a copy obtained by the Financial Times, shows that the report says the companies complied with existing accounting standards, but under the changes their results would be shown "in less favourable light".

In each case, earnings would have been lower using the new standards.

The companies involved claimed when the report was withdrawn that the analysis contained inaccuracies, although they refused to elaborate.

The new report simply contains some abstract examples of the impact of the accounting changes, and lists certain characteristics sensitive to the changes.

These include cash absorption, substantial profits derived from acquisitions and disposals, large non-recurring costs and significant amounts of off-balance sheet financing.

Berkeley Govett advances 16%

By Norma Cohen

Berkeley Govett, the Jersey-based international fund management group, announced a 16 per cent increase in pre-tax profits for 1991 to $53.8m (£30.7m), largely driven by the success of its US-based life insurance division.

Despite difficult conditions in the US insurance market, net profits in London Pacific Life and Annuity Company rose by 54 per cent to $15.6m. Profits are measured on an embedded value basis which takes account of future profits.

Earnings per share increased by 14 per cent to 53.1 cents. An increased final dividend of 13.5 cents is recommended, making a total of 22 cents (19 cents).

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 25.02.92 / Final Prices for Trading on 23.02.92

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.04	17.16	17.16
0100	[illegible]	17.20	17.20
0130	17.05	17.21	17.21
0200	17.05	17.21	17.21
0230	17.04	17.19	17.19
0300	17.04	17.16	17.16
0330	[illegible]	17.15	17.16
0400	17.02	17.15	17.15
0430	17.02	17.13	17.13
0500	[illegible]	17.13	17.13
0530	17.03	17.16	17.16
0600	17.04	17.15	17.15
0630	17.04	17.16	17.16
0700	17.06	17.47	17.47
0730	[illegible]	18.04	20.23
0800	17.74	19.31	21.55
0830	[illegible]	19.42	21.86
0900	18.75	[illegible]	[illegible]
0930	26.91	21.85	24.20
1000	26.61	[illegible]	24.25
1030	18.77	[illegible]	24.21
1100	[illegible]	21.80	24.15
1130	17.95	[illegible]	22.25
1200	17.95	19.96	22.24
1230	[illegible]	19.93	22.21
1300	17.95	[illegible]	22.16
1330	[illegible]	[illegible]	21.65
1400	17.95	19.09	21.31
1430	17.95	17.49	17.49
1500	[illegible]	17.47	17.47
1530	[illegible]	17.48	17.48
1600	17.95	[illegible]	21.66
1630	[illegible]	26.49	30.48
1700	[illegible]	52.76	61.65
1730	17.98	62.02	71.11
1800	18.00	[illegible]	66.61
1830	27.65	34.61	39.09
1900	27.68	24.95	27.72
1930	20.19	22.14	24.48
2000	17.95	19.42	21.64
2030	17.74	19.18	21.39
2100	17.74	19.18	21.39
2130	17.07	18.04	20.23
2200	17.04	18.00	20.18
2230	17.04	17.20	17.20
2300	17.02	17.15	17.15
2330	17.01	17.13	17.13
2400	17.01	17.06	17.06

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.95/MWh becomes 1.695p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

The man from Del Monte, he say 'Float my fruit'

Roland Rudd talks to Leon Allen about his planned £450m flotation of the canned food company

DEL MONTE is about to be floated on the London Stock Exchange. The question is, which Del Monte? Five different companies use the brand name.

The one in question is Del Monte Foods International, which is preparing for a £450m flotation.

Mr Leon Allen, chairman, says brand recognition is so high in Europe that whenever he goes through passport control customs officials cannot resist the quip: "So you're the man from Del Monte".

As it happens, he is. The four other Del Monte companies are not. But the retail investor, who will be asked to stump up for shares in Del Monte Foods, could be forgiven for being a little confused.

So first the history.

In February 1989 RJR Nabisco, the US food and tobacco group which exclusively owned the Del Monte name, was bought by the US buy-out specialists, Kohlberg Kravis Roberts for $25bn (£14.2bn).

KKR broke up Del Monte into two parts: fresh fruit and produce.

It sold the fresh fruit to Polly Peck International in September 1989 for $875m.

And in January 1990 it sold Del Monte's produce business to a private US consortium led by Merrill Lynch for $1.54bn. The US consortium named its Del Monte business the Del Monte Corporation.

What followed can only be described as the proliferation of the Del Monte name. Since the Merrill Lynch-led consortium had mainly financed its acquisition through debt it was keen to divest itself of much of its newly-acquired business.

The Del Monte Corporation immediately sold the rights to its name in the Far East to Kikkoman Corporation of Japan for $110m.

In March 1990 DMC sold the Hawaiian Punch fruit drinks brand to Proctor and Gamble for $150m – but without giving the man from Del Monte another corporate face. Proctor and Gamble was only interested in the Hawaiian Punch and did not want the Del Monte brand name to market the fruit drinks.

DMC's European juice and tinned fruit business was next to go, as a management buy-out backed by Charterhouse, the UK merchant bank, for $375m in May 1990.

It is this company which is about to be floated on the London Stock Exchange, and which has exclusive rights to the man from Del Monte dressed in his cream suit and panama hat.

Mr Allen's Del Monte Foods International has expanded throughout Europe and developed a worldwide business which operates in 35 countries.

Ashley Ashwood

Leon Allen: the brand name is his most valuable asset

A joint venture between DMFI, DMC and Kikkoman's Del Monte Far East gave life to one last Del Monte company called Del Monte's Philippines Inc (DMPI).

But the only confusion Mr Allen has been concerned about is between his company and Polly Peck International's Del Monte fresh fruit.

Last year DMFI took full page adverts in national newspapers under the slogan: "The man from Del Monte he say Oi." The message was that the man from Del Monte, producing "delicious canned fruit", was fed up with being confused with Polly Peck's fresh fruit business.

He could get angry again if the Polly Peck administrators realise their ambition of floating the fresh fruit businesses in the US later this year.

Del Monte Corporation in the US was sufficiently irritated by what it saw as Polly Peck International's attempts to make the confusion worse that last year to sue PPI Del Monte Tropical Fruit Company for breach of contract, unfair competition and infringement of Del Monte's trademark rights.

Mr Allen has never threatened such drastic action.

But he has to contend with the possibility that a mistake by any of the companies using the Del Monte name could harm his brand in Europe – though he believes the threat of such contagion is small, given that the various Del Monte companies operate in different geographical markets. "I do not believe there is much of a danger that we will be affected by what Del Monte does in the US" he says.

But he nonetheless regards the Del Monte brand as his company's most valuable asset. He led the buy-out for the reason that "properties like the Del Monte brand" do not become available very often.

He cites the results of the company's market research: when a sample of consumers in the UK, Belgium, the Netherlands and Switzerland were asked to list any food brand names they could think of, three quarters mentioned Del Monte, a very high recognition rate. More than half of those polled in DMFI's other main European countries recognised its brand name.

The brand strength is sustained by unusually high expenditure on television advertising and marketing. Marketing costs were £9m in 1989, the year before the buy-out, and have risen to £24m this year.

As a result, DMFI is the number one or two leading canned fruit and beverage brand in 12 European countries. About 90 per cent of its goods are market leaders.

"We believe our track record speaks for itself. We have a story to tell that investors are going to understand."

The strategy appears to have paid dividends. While other big buy-outs of the last few years have struggled to hit their financial targets, DMFI's profits have risen rapidly. In the year to November 1991, its pre-tax profits rose 24 per cent to £36.5m.

The company is not making any forecast for the year ending November 1992. But it is likely to exceed 1991's profits, which is why Mr Allen is hopeful that while there might be more than one company with his brand name, retail and institutional investors will recognise that there is only one man from Del Monte.

£45.5m flotation for CSI's building side

By Roland Rudd

CANNON STREET Investments yesterday announced the £45.5m flotation of its Avonside building arm in a move which will halve its borrowings.

The mini-conglomerate, valued at less than £30m after its shares collapsed last year following a profits warning, will receive all of the flotation proceeds. The money is being raised half by the placing of shares, completed yesterday, and half from the offer for sale of shares to the public at 106p.

Mr Robin Binks, chief executive, said: "The sale will enable us to produce a better balance sheet. While we will still have gearing of about 100 per cent, it will be against a conservative and prudently stated balance sheet." CSI last month had borrowings of £97m.

Although the group's shares rose 4p to close at 26p yesterday, commentators questioned the wisdom of selling a housebuilding company at a time when the property market was experiencing one its worst downturns.

Mr Robert Donald, an analyst at County NatWest, said: "For any company to float a housebuilding business this side of the election must either be bearish about housing post-election or very keen for cash. This is not the best time to sell this type of business."

Mr Christopher Glynn, non-executive chairman of Avonside, concurred that it was a bad time to sell a housebuilding business but a great time to buy. "If it was not for the blow-out we have had in the sector, we would not have to float at this price."

Avonside, which has been profitable over the past five years, operates in the north of England, North Wales and Scotland. Mr Glynn said that unit sales and house prices in these areas were expected to remain static, although he had glimpsed evidence of a slight upturn, particularly in North Wales.

Three quarters of Avonside's land was surveyed before the decision to float. In the light of the valuation Mr Glynn said that the group was confident that there would be no need for any write-down in the value of its land.

In 1991 Avonside's turnover increased to £51.2m (£45.7m) while profits before tax and exceptionals were £8m (£7.9m). Only one third of the sales were related to housebuilding: the rest came from building services such as plumbing and heating.

The pro forma balance sheet for last year shows net assets of £21.4m and net cash.

NEWS DIGEST

$41m sale in US by Dalgety

DALGETY, the food and agribusiness company, is to sell Modern Maid Food Products, its US food coatings business, to DCA Food Industries, a US subsidiary of Allied-Lyons, for $41m (£23.4m) cash, writes Guy de Jonquières.

Dalgety, which plans to use the proceeds to reduce borrowings, said it had decided to sell Modern Maid because its food ingredients strategy was to focus on Europe.

Modern Maid supplies batters, breadcrumbs and speciality coatings to food processors and sells prepared flour and baking mixes to fast food and catering outlets. It made a $4.6m trading profit on sales of $42m in the year to June and had net assets of $11.7m.

Principal Hotels

Principal Hotels Group, the shares of which were suspended last Friday while the company's financial position was clarified, went into administrative receivership last night with borrowings of more than £100m.

Mr Edward Klempka, a partner in Coopers & Lybrand Deloitte's Leeds office, said: "The hotels are viable. We will continue to expand until they can be sold." A management buy-out, trade sale or even reflotation are possible options.

The Harrogate-based group has 19 hotels in Britain, two each Denmark and the Netherlands and one in France.

Tuskar Resources

At the same time as reporting a fall back into losses in the six months to September 30, Tuskar Resources, the Dublin-based oil exploration group, announced that it was experiencing a funding crisis.

Mr Neil O'Donoghue, chairman and chief executive, said that the company's advisers considered that the amount of money required could not be raised now.

The company has no other significant assets and no cashflow from other sources: Mr O'Donoghue said that there was a consequent possibility that Tuskar would not be able to carry out the work programme required by Ecopetrol, the Colombian state oil group.

First-half losses amounted to I£1.01m (£934,000) pre-tax, against profits last time of I£765,000. In the year to March 31 1991 pre-tax losses were reduced to I£8.26m (I£10m).

Losses per share were 0.37p (earnings 0.44p).

Throgmorton Dual

The Throgmorton Dual Trust yesterday reported net asset value of 623.8p per capital share and 28.5p per income share at January 31.

The figures showed advances from the respective 584p and 27.4p at the same stage of the previous year, but were down on the trust's year-end values of 652.7p and 30.4p.

Net revenue for the six months to end-January dipped to £692,000 (£644,000). Earnings per share were 3.01p (3.67p). An unchanged second interim dividend of 1.75p makes 3.5p so far this year, partly satisfied from reserves.

Hewitt

Hewitt Group, a manufacturer of industrial ceramics and refractories, lifted pre-tax profits nearly 7 per cent, from £585,000 to £625,000, in 1991.

Continued enhancement of profit margins, up from 9.3 to 9.9 per cent, was achieved against a backdrop of severe price cutting in all markets. Turnover fell to £7.41m (£8m).

Earnings per share were 11.4p (10.9p) and the dividend is again 2.5p, with a 1.5p final.

Gartmore Emerging

At December 31 Gartmore Emerging Pacific Investment Trust had net assets of £32.3m, against £28.4m a year before, a rise of almost 14 per cent.

A dividend of 0.13p (0.1p) is proposed along with a further 0.1p special.

Scottish Heritable

Scottish Heritable Trust, the mini-conglomerate, has signed a standstill agreement with its bankers, providing it with financial support until the end of this year.

The facilities available from the banks led by the Bank of Scotland, have been structured on a reducing basis.

Under the agreement the group has available £31.5m, reducing to £18.6m from May 31 and to £6m from November 30. It has also agreed a dollar facility of $33.5m (£19.1m), reducing to $23m on July 1 and to $20m on October 1.

Mr Stuart Macdonald, finance director, said his goal was to reduce gearing, currently well over 200 per cent, to under 100 per cent by the year end.

Firstland Oil

Firstland Oil & Gas intends to diversify away from oil and gas exploration and production in North America and move into areas of distribution and specialist manufacturing.

There will be a placing of 7m shares at 10p to raise £700,000 gross which will eliminate indebtedness and an open offer of 2.5m shares at the same price to raise £250,000.

Capita

Capita Group, which provides management services to the public sector, continued its growth in 1991 with a 37 per cent increase in pre-tax profits.

The outcome of £3.45m (£2.51m) was generated from turnover ahead 23 per cent to £24.7m (20.1m).

Earnings per share worked through at 15.7p (13.7p). The final dividend is 3.6p on increased capital for a total of 5.4p (4.5p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Berkeley Govett ......fin	13.5★	-	12	22	19
Capita ......fin	3.6†	May 11	3	5.4	4.5
Gartmore Emergin ...fin	0.13	-	0.1	0.23‡	0.1
Hewitt ......fin	1.5	May 11	1.5	2.5	2.5
Low & Bonar ......fin	6.4	May 12	6.4	9.1	9.1
NFC ......int	1.3☆	Jul 7	1.2	-	6.25
Throgmorton Dual....int	1.75	Apr 15	1.75	-	8.75
Vickers ......fin	2.3	May 8	6.2	6	9.9

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Scrip option. ‡Includes special of 0.1p. ★US cents.

TECHNOLOGY

Leslie Crawford reports on a European project to build the world's most powerful telescope

Great eye sets sights sky high

Before the year 2000 the clearest view of distant galaxies in the universe will come from a European supertelescope in Chile's Atacama desert.

Eight countries – Germany, France, the Netherlands, Belgium, Sweden, Denmark, Italy and Switzerland – are working together at the European Southern Observatory (ESO) to try to surpass the achievements of the US Hubble Space Telescope. And they hope to do this for a fraction of Hubble's $2bn (£1bn) cost.

ESO's showcase is the Very Large Telescope (VLT) project. By 1999 four large telescopes will work in unison to capture the equivalent light of a single 16-metre instrument. The VLT will be the world's most powerful telescope, nearly three times larger than any operating today. This great eye is expected to cost DM450m (£158m).

The VLT's progress is creating as much excitement among astronomers as the launch of the Hubble nearly two years ago. The Hubble space telescope, orbiting 300 miles above the Earth's atmosphere, was expected to reveal uncharted expanses of the universe by "seeing" seven times deeper into space than observatories on Earth.

However, Hubble's mission has been partially crippled by microscopic scratches on the surface of its 2.4-metre mirror. The images being relayed back to Earth have failed to live up to their revolutionary promise.

Hubble's misfortunes have rekindled interest in a new generation of Earth-bound telescopes and sharpened the rivalry between US and European astronomers.

The Association of Universities for Research in Astronomy has obtained US government backing for an eight-metre telescope in Hawaii. Two more 10-metre telescopes in Hawaii are being financed by the private Keck Foundation.

The VLT, however, remains in a class of its own. It will allow astronomers to explore three quarters of the universe and study galaxies perhaps as far as 14bn light years away. The VLT will also be powerful enough to penetrate the innermost regions of active galaxies, which may harbour black holes at their centres. As a result astrophysicists will learn more about the chemical composition of stars and interstellar clouds.

After gathering meteorological data for six years, ESO decided that Cerro Paranal, 800km north of its existing 14-telescope observatory in La Silla, was probably the best site in the world for astronomical work. Cerro Paranal boasts perfect photometric nights for 60 per cent of the year and a very still atmosphere. Astronomers are looking forward to unexpected discoveries. "The universe has far more imagination than we have," says Christoffel Waelkens, a visiting Belgian astronomer.

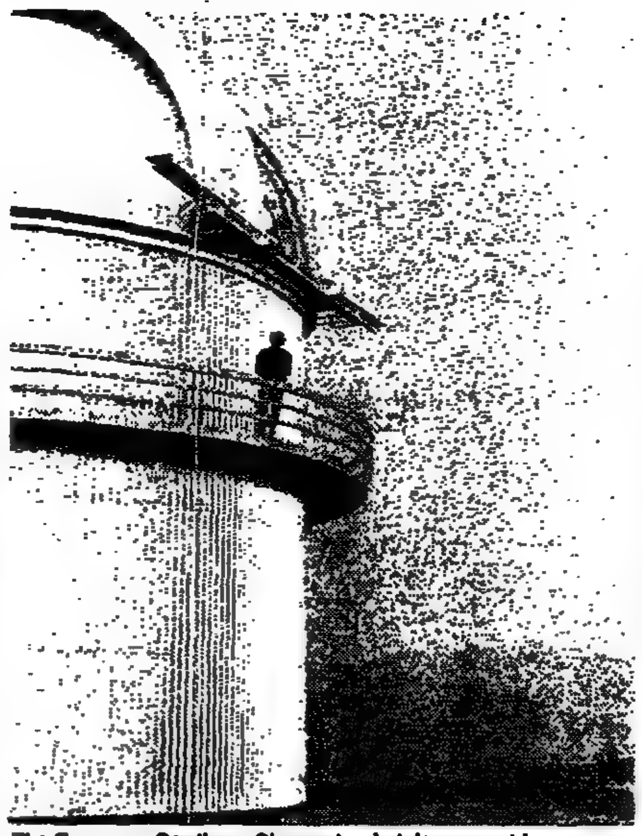
The greatest technological challenge for scientists working on the VLT project will be to cast four identical single-blank mirrors, each 8.2 metres in diameter. Until recently this was thought to be impossible, because very large mirrors buckle under their own weight.

But Schott Glaswerke in Germany has already cast the first 8.2-metre mirror by pouring molten glass ceramic into a rotating concave mould. The spinning action produced a much thinner and lighter mirror of greater width – clearing a technological barrier that had limited astronomy for half a century.

It is not the VLT's size that is the envy of US astronomers, but its revolutionary image-focusing capability, called "adaptive optics". In this state-of-the-art technology, 200 electronic arms gently push and pull the telescope's mirror to eliminate the "twinkling" of stars caused by atmospheric turbulence. By bringing the fuzzy images into focus, the picture quality is almost as sharp as if taken from space.

The first telescope to use "adaptive optics" was inaugurated at La Silla in 1989. It is now capturing images that are several times sharper than those obtained by telescopes of conventional design. "From an optical point of view, we have built the best telescope in the world today," says Daniel Hofstadt, La Silla's technical manager.

Hofstadt, however, does not see the VLT project or adaptive optics replacing the need for telescopes in space. Terrestrial observatories, he explains, cannot detect faint stars that emit ultraviolet light because this is blotted out by the Earth's protective ozone layer. "The VLT and the Hubble will complement each other," he says.



The European Southern Observatory's telescope at La Silla uses 'adaptive optics' to capture sharp images

Robots pick up the call

Peggy Hollinger speaks to a computerised telephone operator

Most telephone operators who work for Colorgraphic, the Leicester-based direct marketing services group, are devoid of personality, never get sick or take days off. Nick Winks, chief executive, wants to keep it that way.

Winks is speaking of his robot operators, which are 60 times more productive than humans. The speech interactive system recently introduced at the company's Decisions Voice Response subsidiary, based in Bristol, can handle up to 120,000 calls a day compared with 2,000 taken by a staff of 16 humans.

Speech interactive is the simple term for a system which recognises letters, numbers and words as spoken by a caller. The computer then matches combinations of words, letters and/or numbers to a database which provides information to be translated back into a voice response.

The commercial use of speech interactive systems is gaining ground in the UK as consumers lose their inhibitions about talking to computers and as the direct marketing industry matures.

Until recently, most computer voice systems had been the preserve of business-to-business transactions, says Jeff Williams of Datapoint, which designs telemarketing software. However, the success of the 24-hour telephone bank, First Direct – although not a speech interactive system – has shown that the consumer-to-computer market is waiting to be tapped.

The biggest challenge to telemarketing in recent years has been volume. With 90 per cent of the response to a television advertisement, for example, coming in within 15 minutes of the broadcast, it is almost impossible to staff a switchboard at a viable cost. So the answer has been to advertise at unsocial hours – when most of your potential audience will be asleep.

Yet computer-operated marketing can solve that problem. Everything from financial dealing to booking holidays could be organised by computer, say telemarketing enthusiasts.

In Colorgraphic's case, the computer is used to devise packages for clients, including a car insurance quotation system and charity fundraising. Winks says his software is at least 12 months ahead of anything used in the UK. He claims it is even more advanced than anything used in the US, as most systems there are based on the touch-tone phone rather than the speech interactive method.

What makes the Colorgraphic system unique is its ability to recognise almost any accent, ask questions, interpret the answers, provide a customer profile within seconds, and even make an appointment to call back if the lines are too busy.

Colorgraphic, which handles the calls for client telephone campaigns, can also gain access to several outside databases at the same time. "That's where Colorgraphic has really scored," says Williams. "It has written a sophisticated software package."

For example, one of Colorgraphic's clients is a leading UK insurer. Within minutes callers can receive a quote for car insurance by ringing the Colorgraphic computers which dip into the insurer's own database for the criteria to compile the quote. The program is due to be launched in the spring. The cost for such an exercise can be a low as £2.15, compared with £6 using a live operator.

Other services include house insurance quotes, motor advertising campaigns where a caller can be referred to the nearest dealer, and stock ordering for retailers where the computer checks credit worthiness, alerts the warehouse and issues a delivery note.

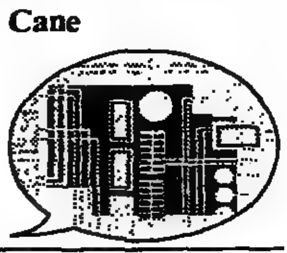
If the system is unsure of what it has heard, it is able to flag the call for a human "verifier" who replays the tape and types in the correct words. At any stage the system can divert to a live operator if it, or the caller, chooses.

Developing the system cost £1m. To leap the accent hurdle, charities around the country were offered £1 per phone call to gather a sample of 500 different accents for each letter of the alphabet and the numbers zero to nine.

Now Colorgraphic hopes to draw in advertisers and is working on custom-made software to meet their needs. For advertisers, the benefits of any such system are in the immediate response: "We are looking to turn the operation round, from the TV campaign to the letter in the post, in a two-hour window," says Colin Bond, Colorgraphic's business development director.

Hidden costs in the superstore

By Alan Cane



TECHNICALLY SPEAKING

Will the computing superstore concept catch on in the UK as it has in the US? Many have their doubts but certainly the UK's first superstore, PC World in Croydon, South London, seems set to spawn a host of imitators selling everything from mice to monitors, processors to packaged software.

In the US, superstores are already big, if not necessarily profitable, businesses. CompUSA claims to be the leading operator of large computer superstores there. It opened its first superstore in Dallas in 1985 after some years of selling to corporate and retail customers through more conventional methods. Now it operates some 20 superstores across the country. Last year the value of goods sold in its stores ranged from $22m (£12.50m) to $80m.

Superstores represent exactly the opposite of everything the computer industry has tried to impress on its customers over the years.

Computers are supposed to represent the ultimate in high-technology yet the superstores pile 'em high and sell 'em cheap like refrigerators and washing machines.

Service and support is the lifeblood of most computing operations, but at the kind of profit margins superstores are prepared to consider, service has to be, at the most, perfunctory. If you know what you want you will get it; if not, help may be difficult to come by.

There is an inescapable logic behind the success of the superstores. The price of personal computers has been tumbling in inverse relation to the amount of innovation in the product. Little differentiates one IBM personal computer from another these days. The microprocessor chip is the same. The operating system is the same. Much of the accessory circuitry is the same.

It seems that personal computer manufacturers have become part of the distribution system for Intel microprocessors, Microsoft operating systems and Japanese memories. The superstores are simply the volume end of the distribution process, prepared to survive on minute margins.

CompUSA, for example, says it offers more than 5,000 items in its stores at prices up to 60 per cent below manufacturer's retail prices.

But its results bear out the delicacy of its balancing act. In 1989 it made $1.2m pretax profits on sales of $137m; in 1990, pretax profits were $1.5m on sales of $300m. Last year, it lost $9.7m on sales of $543m.

In its profitable years, its operating income was between 1 and 2 per cent of sales. It is therefore no surprise that its catalogue lists a galaxy of cut-price goodies. An Epson 386SX Plus computer for example for $1,099 or a Dell System 320SX for $1,500.

But visitors from the UK looking for bargains were struck recently by how little *real* difference there was in the price of systems in the superstores and in the UK. US superstore prices look cheap, but there are often catches.

A computer which looks a good buy comes without a monitor. Adding a monitor not only pushes up the price but raises the risk that the power supply for the screen will be incompatible with voltages in the UK.

Issues such as compatibility of power supplies have long been a factor behind the apparent lack of harmony between computer prices in the US and UK. UK prices have often come out twice as high as those in the US.

The evidence of the superstores suggests that at the lower end, at least, the gap is narrowing if not already closed. The question remains open whether UK dealers can offer US prices and survive on US profit margins. Customers might be happier paying higher prices for guaranteed service and a financially secure supplier.

FT LAW REPORTS

Bank must pay compound interest

THE GOLDEN MED
Queen's Bench Division (Commercial Court): Mr Justice Hirst: February 18 1992

INTEREST DUE to the owners of money retained by a bank in breach of its fiduciary duty as constructive trustee after the condition on which it was deposited has failed, is compounded with yearly rests, in that in the commercial circumstances the bank is presumed to have made the most beneficial use of the money in its investment business, to earn compound, not simple, interest.

Mr Justice Hirst so held when giving judgment for the plaintiffs, Guardian Ocean Cargoes Ltd and others, on a claim for compound interest in an action for the return of monies deposited conditionally with the defendant bank, Banco do Brasil, in negotiations to refinance the building of Golden Med.

HIS LORDSHIP said that in the action he gave judgment for $600,000 in the plaintiffs' favour on February 14 1991, and adjourned questions relating to interest.

The $600,000 comprised three payments of $200,000 made by the plaintiffs to the bank as an earnest of their sincerity in a proposed refinancing deal for a shipbuilder's contract.

Originally the contract was between a Brazilian shipbuilding yard and a Danish shipowning group for construction of Golden Med.

The transaction had been financed by the bank. The Danish company ran into financial difficulties. The plaintiffs, members of a Greek shipping group, were anxious to take over the contract.

The court found that the $600,000 was deposited by the plaintiffs with the bank conditionally, as a token of genuine intent for future use in the intended acquisition of the vessel, and was to be applied for that purpose only if the refinancing negotiations were successful.

In other words, the remittances were conditional on conclusion of a re-financing deal.

The negotiations, having nearly come to a successful conclusion in 1981, dragged on for five years until November 1986, when they broke down.

The plaintiffs then demanded return of the $600,000, but the bank refused to pay.

The money was held intact by the bank in an account with a New York bank from 1981 to 1986, and beyond.

Due to recent radical re-organisation following a change of government in Brazil, the bank had been unable to ascertain, despite strenuous efforts, what rate of interest had accrued to it from that deposit.

In January 1987, the plaintiffs issued the present proceedings, claiming return of the $600,000 on the footing that consideration for the payment had wholly failed; or alternatively on the basis of a constructive trust in their favour.

The bank's case was that the payments were voluntary and unconditional, and were therefore irrecoverable.

The court had ruled on both issues in the plaintiffs' favour.

It was common ground that the plaintiffs were entitled to statutory interest under section 35A of the Supreme Court Act 1981, which empowered the court to include simple interest in the judgment sum at such rate as it thought fit, on all or part of the debt or damages in respect of which judgment was given, for all or part of the period between the date when the cause of action arose and date of judgment.

The plaintiffs also sought an award of compound interest under the court's equitable jurisdiction, having regard to the bank's breach of fiduciary duty, from November 1986 to date of judgment.

It was common ground that the court had jurisdiction in an appropriate case to award compound interest in the exercise of its equitable jurisdiction.

Miss Gloster for the bank submitted that the power should only be exercised in exceptional circumstances, such as where the defendant had mis-applied trust money to his own profit. She said the normal basis was simple interest.

Mr Pickering for the plaintiffs submitted that there was no such limitation, and that the proper basis of the award depended on the commercial circumstances which, in the case of a bank defendant, normally warranted compound interest.

In *Wallersteiner v Moir (No 2) [1975] QB 373,388*, in which Mr Wallersteiner was guilty of serious misfeasance in breach of fiduciary duty, Lord Denning MR said that in equity interest was "never awarded by way of punishment". He said it was awarded where money was misused by anyone in a fiduciary position who had misapplied the money and made use of it for his own benefit.

As to whether it should be simple or compound interest, he said on general principles it should be presumed that the company (had it not been deprived of the money) would have made the most beneficial use open to it.

Alternatively, he said, "it should be presumed that the wrongdoer made the most beneficial use of it. But whichever it is, in order to give adequate compensation, the money should be replaced at interest with yearly rests, that is, compound interest".

In *O'Sullivan v Management Agency [1985] QB 428,461*, a manager was in breach of fiduciary duty towards an entertainer under his management. Lord Justice Dunn distinguished *Wallersteiner* as concerning a financier who used the money he obtained in his operations.

He said "in those circumstances it was presumed that the money was worth to him the equivalent of compound interest at commercial rates with yearly rests. In the present case, accepting that the money was used by the defendants for their business purposes, part of it must have been used for the benefit of O'Sullivan himself".

He awarded simple interest.

Miss Gloster's submission that compound interest was only to be awarded in exceptional cases where the defendant was guilty of serious misconduct, was not accepted.

The authorities made it clear that the award of compound interest was in no way punitive, but was related to the commercial circumstances.

Thus compound interest would be inappropriate in the case of a solicitor trustee who was not engaged in an investment business (see *Burdick v Garrick (1869-1970) Ch App 233*.

Conversely, where a trustee was engaged in investment, as in *Wallersteiner*, it was to be presumed that he would invest the money in his trade or business using it in effect as part of his working capital.

Miss Gloster strongly relied on *O'Sullivan*, and submitted that the court should adopt the same approach and award only simple interest.

However, an important factor in the decision in that case was that there was a joint enterprise between the manager and the entertainer, and in any event the manager was not engaged in investment business.

The present case was comparable with *Wallersteiner*, apart from the irrelevant distinction that here there was nothing seriously culpable in the bank's conduct.

The bank, like Mr Wallersteiner, was essentially engaged in investment business, and must be presumed to have used its money for normal banking purposes as part of its working capital, and thus to have been in a position to earn compound interest.

It followed that compound interest was the appropriate basis.

The evidence was that in New York, where the bank held the $600,000, it would have been able to earn the New York prime rate plus 1 per cent.

That was accepted. It would not be appropriate to award the lower New York Certificate of Deposit rate.

The evidence also was that in New York the rests for compounding interest would be three-monthly.

The court preferred, in the exercise of its discretion, to adhere strictly to the *Wallersteiner* formula, and award yearly rests, which in the circumstances it considered fair.

Compound interest was ordered at 1 per cent over the New York prime rate applicable from time to time with yearly rests for the period November 1986 to date of judgment.

If those conclusions were wrong, on the statutory basis the appropriate award would be simple interest at three months New York Certificate of Deposit rates applicable from time to time.

The area of dispute was the date at which the cause of action arose.

Mr Pickering submitted it arose on payment in 1981. Miss Gloster submitted it arose when the refinancing negotiations broke down and the plaintiffs requested repayment.

To award statutory interest running from any earlier date than November 1986 would not have been just, seeing that throughout that period the bank was holding the money entirely in accordance with the condition on which it had been deposited.

For the bank: Elizabeth Gloster QC and George Leggatt (Clifford Chance).

For the plaintiffs: Murray Pickering QC and Elizabeth Birch (Swinnerton Ashley-Claydon & Co).

Rachel Davies
Barrister

South American problems lift copper and zinc prices

By Leslie Crawford in Santiago and Kenneth Gooding in London

COPPER AND Zinc prices rose strongly on the London Metal Exchange yesterday following news of wildcat strikes in Chile and supply problems in Peru.

Analysts thought prices of both metals were likely to continue rising in the next few days. Copper for delivery in three months, which yesterday reached $2,237 a tonne, its highest level for two and a half months, could jump by another $100 a tonne, driven up by technical factors, they said.

In Chile the world's biggest underground copper mine, El Teniente, owned by the Chilean Copper Corporation, was hit by a protest against the weekend sacking of 150 miners.

About 2,000 of El Teniente's 9,500 employees downed tools for an hour to demand the their colleagues' reinstatement. The stoppage affected production at the mine, the crushing and concentrating plant, and at the Caletones smelter.

Union leaders were due to meet today to consider further action. The protests were sparked by Codelco's attempts to impose a voluntary redundancy scheme to reduce overmanning. The state-owned company says it wants to shed 800 workers at El Teniente by mid-year.

But Mr Jose Donoso, a union leader at the mine, said Codelco was victimising miners who had been ill in the past. "Workers are being forced to take the redundancy package. The scheme is not voluntary at all," he said.

El Teniente's refined copper output in 1991 totalled 278,765 tonnes, about 25 per cent of Codelco's total. The mine was also hit by pay strikes last year. Production has declined in recent years because of the exhaustion of reserves and rock bursts that have closed down important sections of the underground tunnels.

Meanwhile, Peru's biggest zinc refinery, Minero Peru's Cajamarquilla, declared *force majeure* on metal shipments. It said output was being cut by power rationing. Cajamarquilla raised production last year to 93,000 tonnes of zinc from 60,964 tonnes in 1990 when Minero Peru suffered a two-month strike and frequent electricity cuts. Power supply problems are caused mainly by attacks on electricity pylons by the Shining Path, an extreme left-wing guerrilla group.

On the LME zinc for immediate delivery closed last night at $1,120 a tonne, up $11.50, while three-month metal was $1,139.50 a tonne, up $12. Copper ended £16.25 up at £1,277.50 a tonne for spot metal while three-months metal was £13.50 ahead at £1,298.75 a tonne. Analysts suggested that copper's reaction to potential supply problems was reasonable in that stocks were low and falling on both the LME and the New York Commodity Exchange. However, zinc stocks were likely to go on rising.

EC beef exports surge but stocks still grow

By Frances Williams in Geneva

THE EUROPEAN Community overtook Australia as the world's largest beef exporter last year, as overseas deliveries surged by nearly a half. But in spite of the sharp rise in exports, EC beef intervention stocks ended the year at record levels, according to estimates by the General Agreement on Tariffs and Trade.

In its latest annual report on international meat markets, Gatt says that only a sharp increase in import demand by the former Soviet Union averted a big drop in beef prices last year. As it was, prices were sluggish as global output continued to exceed consumption, a situation exacerbated by large supplies of poultry, pork and lamb at increasingly competitive prices.

To achieve a sustained firming of beef prices major suppliers will need to align output to relatively slow growth or even declines in consumption in the medium term, the report says. Otherwise world beef markets may be faced with another oversupply crisis in the next few years.

Selected Countries' Beef Exports ('000 tonnes)

	1992(f)	1991(e)	1990
Argentina	380	360	451.1
Australia	1,010	1,000	1,181.1
Brazil	400	330	230
Canada	110	104	109.1
EC	1,000	1,160	782
New Zealand	425	435	417.5
US	585	522	456
Uruguay	119	126	192
Others	282.4	322.4	339
Total	4,291.4	4,359.4	4,157.8

Source: Gatt secretariat. (f) forecast (e) estimated

The 27 signatories (including the EC) to Gatt's Arrangement on Bovine Meat, a voluntary code to promote trade, account for about 90 per cent of world beef exports and close to 60 per cent of global beef production and consumption.

Their exports of beef increased by nearly 5 per cent in 1991 to an estimated 4.36m tonnes, carcass weight equivalent. EC beef exports jumped by 48 per cent to 1.16m tonnes, while Australian shipments, reflecting lower sales to Japan, fell 15 per cent to 1m tonnes. Brazil and the US also increased beef exports by 44 per cent and 15 per cent respectively.

The EC's export surge resulted mainly from a 100,000-tonne sale to Brazil and the sending of an estimated 250,000 tonnes to the Commonwealth of Independent States. In November 1991, the EC concluded a beef-for-oil barter deal with the CIS involving 100,000 tonnes of French beef, to be delivered in 1992.

Soviet beef purchases, accounting for more than 10 per cent of the world beef trade last year, helped the EC to avoid a surplus crisis. Even so, in December 1991, EC beef intervention stocks had reached an estimated record 903,000 tonnes.

Another saving factor noted by Gatt was the virtual disappearance last year of most central and eastern European countries from the beef export scene. Their beef production has fallen sharply because of the collapse of exports to the former Soviet market as well as domestic economic and political upheaval.

Global beef imports rose by about 3.5 per cent in 1991, the report says, despite lower purchases by Japan and the US. Washington imposed "voluntary" export restraint agreements on Australia and New Zealand in November 1991 after a surge of beef imports earlier in the year.

In 1992 Gatt expects world beef exports to shrink by perhaps 1.6 per cent, as slow economic growth continues to dampen demand in industrialised countries. It also sees further reductions in meat output, consumption and trade in eastern Europe over the next two to three years, while the situation in the CIS "is, at this stage, unpredictable". Despite higher demand in the Middle East and some North African and Asian markets, "it is doubtful whether other developing countries will be in a position to import increased quantities of beef", the report says.

World beef output is expected to decline this year by 0.7 per cent after a 2.5 per cent rise in 1991. In the longer term Gatt notes a trend to slower growth of cattle herds in an increasing number of countries due to genetic developments and improved cattle feeding and finishing techniques. These are likely to result in shorter cattle herd cycles in coming years, the report says.

International Markets for Meat 1991-92. SFr25: from the Gatt Secretariat, 154 rue de Lausanne, CH-1211 Geneva 21.

Canada announces fishing cuts

By Bernard Simon in Toronto

CANADA IS imposing a partial ban on foreign fishing inside its 200-mile zone and may restart its controversial offshore seal hunt as part of a package of measures aimed at reviving the north-west Atlantic cod fishery.

Mr John Crosbie, fisheries minister, yesterday announced a 35 per cent cut in the 1992 northern cod quota to 120,000 tonnes, including a 50 per cent reduction in the first half of this year to 35,000 tonnes. He said the cutback would have the effect of bringing to an immediate end the winter fishing season for foreign trawlers. He also announced a ban on cod harvesting by foreign trawlers during future peak spawning periods.

A diplomatic and scientific mission will meet European Commission officials in Brussels this week to express concern at the continued heavy fishing by Portuguese and Spanish trawlers outside the 200-mile limit.

The measures, which are expected to lead to further fish-plant closures in Newfoundland and other Atlantic provinces, follow a sudden drop in fish stocks in the north-west Atlantic. A Canadian scientific advisory council recently slashed its estimate of the northern cod stock from 1.1m tonnes to 780,000 tonnes. Stocks of more mature fish – an indicator of spawning potential – have plummeted by more than half.

The drop in fish stocks is partly blamed on a jump in the east coast seal population since environmental protests led to a halt in the seal hunt by large offshore vessels in 1987. Measures to curtail the rise in the seal population have up to now been discouraged by fears that protests would be directed against markets for Canadian fish. But Mr Crosbie said yesterday that the fishing industry is unanimous in its advice that "notwithstanding the concern with respect to markets, measures should now be taken to start bringing the seal population under control". The government plans to consult the fishing and sealing industry to determine the best ways of doing this.

Cocoa pact talks to start in April

By David Blackwell

WORLD COCOA markets were unimpressed yesterday by the decision of the International Cocoa Organisation to go ahead with negotiations in Geneva in April for a new agreement, complete with economic clauses.

The ICCO Council announced late on Friday that it would ask the United Nations Conference on Trade and Development to convene a meeting from April 21 to May 1. However, after a week of talks the ICCO was unable to agree on the exact form of economic measures a new agreement would employ to support the market, which has declined to historic lows in real terms since its buffer stock scheme was frozen in February 1988.

Most of last week the producers were hanging on to the idea of using export quotas; consumers were adamant that only a withholding scheme should be considered. The compromise wording of the ICCO statement said that the new agreement "should be built upon production policy and supply management."

A scheme for withholding 120,000 tonnes of cocoa was included in the 1986 cocoa agreement on which any new agreement will be based. However, several moves to implement the withholding scheme once the ICCO buffer stock reached the maximum permitted 250,000 tonnes came to naught.

Potential stumbling blocks for a new agreement include the debt of $145m still owed to the buffer stock by producers, and the fact that the US, the biggest cocoa consumer, does not belong to the organisation.

Yesterday London's May cocoa contract touched a six-month low of £684 a tonne in early trading before closing at £691, down £1 on the day.

A pleasant surprise for NZ wool growers

Terry Hall on an upturn in sales and prices that has lifted the gloom in the industry

THERE HAS been a sharp and unexpected turnround in the fortunes of New Zealand's wool farmers. Wool fetched the highest prices at auction for 18 months last week, thanks to a shortfall in supply, a rise in overseas demand and a sharply lower Kiwi dollar.

The market indicator was 494 cents (153p) – 25 per cent up from early last month. Each sale has seen another sharp rise, and this is beginning to worry exporters, who feel this trend, if it continues, will frighten off buyers. At recent sales buyers from all main markets, Western Europe, the Middle East, Asia and the Far East, were active and the market was supported by locally-based exporters who had entered into contracts some time ago and now had to fulfil them.

The indicator was set at 391 cents on December 5 and rose to 428 on January 23, 450 cents on February 5 to 462 cents on February 15 and 494 cents on February 20. That was the highest price since August 1990, when farmers received price support payments from the wool board. Last week's sale was the first occassion since then that farmers had received more than the $4.85 a kilogram that the board guaranteed.

The sustained rise in prices has taken the industry by surprise: in November it was widely predicted by industry analysts that the indicator would slip back to 370 when the bulk of the crossbred clip came on the market.

By historic standards, however, wool is still inexpensive, especially in overseas currency terms, given the 15 per cent devaluation of the New Zealand dollar over the past 18 months and the much higher prices of the mid-1980s. The Wool Board analysts say that the recent rise may still not be sufficient to halt the drift of farmers out of sheep and into beef production, where returns are better. Even with the latest rise, the average sheep farm will still only earn an average NZ$24,000, out of which they have to pay tax, make debt repayments and provide for operational drawings.

In historic terms New Zealand wool is still inexpensive

But the industry is encouraged that international customers are paying as much as they are for the clip, which is being bolstered by the sale this season of 150,000 bales from the Wool Board stockpile. So far this season the board has sold 82,000 bales, leaving its holdings at 476,000 bales, which it intends to dispose of over the next three years.

The forced sale follows the board's decision last January no longer to attempt to support the market, and to make an orderly withdrawal. This means that international buyers must be found for all the wool New Zealand can produce this season, plus a share of the stockpile. Pessimists believed this would pose severe price difficulties, especially when the bulk of the crossbred wool, which makes up about 70 per cent of all New Zealand production, became available from November. The industry is heartened by the strong demand, with export sales up 31 per cent in the first half of the season, although on an annual basis the increase is 17 per cent.

Several unexpected factors boosted demand. One was a substantial drop in the value of the New Zealand dollar, which has fallen 4 per cent against a trade weighted basket of currencies from early December, on top of a 10 per cent devaluation in 1990. This has made quality New Zealand wools price-competitive against synthetics.

Another factor is a change in shearing patterns. Because of the low returns many farmers appear to be shearing every 12 months instead of eight months previously. This is being reflected by smaller than expected offerings at most recent auctions, forcing buyers to pay more.

Also China has re-entered the market with vigour. Its purchases so far this season are up 290 per cent. The Chinese are buying for their own consumption, especially hand knitting wools, which are sold in 500 gram hanks to peasants who knit cardigans and jerseys for the cold winters.

The Chinese are major buyers of lambs' and medium wools, and prices for these types have been very firm. However the Wool Board believes that the Chinese demand may not be sustained, as there are fears that the strong domestic recovery may falter. So far this season they have bought 25,600 clean tonnes, about a quarter of all exports.

Demand from India for crossbred wool, used in carpet making, which accounts for the bulk of New Zealand production, picked up sharply this month. This followed the New Delhi government's decision to waive the 150 per cent import licence fee for this type of wool in a bid to encourage carpet exports. The imposition of this tax, originally at 200 per cent, had hit sales of New Zealand wools to India badly.

Last season India bought 16,000 tonnes of wool, making it New Zealand's fourth largest customer. In the first six months of this season it bought only 4,000 tonnes, because of the import fee, but exporters believe the Indians will continue to buy large quantities over the remainder of the season as they attempt to rebuild stocks. It is expected that they will buy a total 12,000 tonnes this season.

An unexpectedly strong demand has come from Nepal, which is finding keen buyers for its hand-knitted carpets in western Europe, particularly Germany. Turkey, which is mounting an export drive partly based on machine-made carpets, has also increased its purchases sharply.

Exports to the Commonwealth of Independent States have been minimal in recent months because of political and foreign currency problems. In the early part of the season former Soviet republics bought 4,000 tonnes under a credit arrangement that is now exhausted.

The Soviet Union for many years was one of New Zealand's biggest wool customers, but the New Zealand Wool Board's research group manager, Roger Buchanan says that significant shipments to the CIS are unlikely in the short term, and the sales of about 27,000 tonnes a year to the former Soviet territories were a "thing of the past".

Wool exports to Belgium rose by 43 per cent and to Germany by 33 per cent, although the total shipped to Europe this season is expected to be unchanged because of deep recession in other European Community countries, which cutting demand for carpets. Exports to the UK, for example, fell 22 per cent.

The US bought 15 per cent more but Japan 14 per cent less, although both are expected to increase purchases in the second half of the season.

Wool Board figures show exports for the first half of the season totalled 109,500 clean tonnes, up from 83,600 for the same period last season. The value of exports rose 9 per cent to NZ$538m, up from NZ$491m.

WORLD COMMODITIES PRICES

MARKET REPORT

Gold closed below $350 a troy ounce on the London bullion market in lethargic trading dominated by technical factors. The morning fix of $349 marked a five-month low, but the market recovered a little ground on bargain hunting and short covering. The April contract on Comex had recovered by midday from a lifetime low of $350.20 struck shortly after the opening. On the LME aluminium rose on the back of the copper market, but three-month metal met resistance around $1,340 a tonne. Dealers are expecting another increase in stocks today. London robusta coffee prices closed down sharply while New York arabicas well down at midday after the ICO indicator hit a 17-year low of 54.57 cents a lb. New York traders said there was little fresh fundamental influence in the market and prices remained weighed by abundant supply and an absence of strong demand. May scored a low of 67.20 cents a lb. "The picture is bleak. There's a burdensome supply for the near-term and we've got a lot of new crop," said one analyst. Robustas have fallen by about $100 a tonne since mid-January. "With the state of the market at the moment we can see it declining further," a London dealer said.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.95-5.10w	-0.45
Brent Blend (dated)	$17.40-7.45	-.575
Brent Blend (Apr)	$17.30-0.35	-0.50
W.T.I. (1 pm est)	$18.30-0.35w	-0.50
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$201-203	-2
Gas Oil	$162-163	-3
Heavy Fuel Oil	$69-70	
Naphtha	$178-180	-3
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$349.60	-2.15
Silver (per troy oz)♣	412c	
Platinum (per troy oz)	$357.75	+6.00
Palladium (per troy oz)	$84.25	-0.10
Copper (US Producer)	105.19c	-0.25
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.31r	+0.05
Tin (New York)	261.5c	-1.0
Zinc (US Prime Western)	62c	
Cattle (live weight)†	107.22p	+0.06*
Sheep (live weight)†♣	101.22p	+0.95*
Pigs (live weight)†	84.34p	-0.90*
London daily sugar (raw)	$205.0y	-2.9
London daily sugar (white)	$253.0y	-3.0
Tate and Lyle export price	£225.5	-1.0
Barley (English feed)	£120	
Maize (US No. 3 yellow)	£148.5	
Wheat (US Dark Northern)	Unq.	
Rubber (Apr)♥	51.75p	
Rubber (May)♥	52.00p	
Rubber (KL RSS No 1 Mar)	208.5m	
Coconut oil (Philippines)§	$582.5v	
Palm Oil (Malaysian)§	$382.5q	+5.0
Copra (Philippines)§	$455.0y	-2.5
Soyabeans (US)	£153.5q	
Cotton "A" index	55.65c	
Wooltops (64s Super)	473p	+3

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar v-Jan/Feb u-Jan/Mar y-Mar/Apr y-Feb/Mar z-Feb w-Apr †Meat Commission average fatstock prices. * change from a week ago ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Mar	179.60	179.60	180.40	179.00
May	181.00	181.00	181.40	180.40
Aug	185.60	186.00	185.40	
Oct	187.60	188.00	187.00	
Dec	187.00		185.60	
White	**Close**	**Previous**	**High/Low**	
May	262.0	263.0	263.5	261.5
Aug	267.5	268.0	267.8	267.0
Oct	258.4	258.0	258.5	257.0
Mar	261.4	261.0	261.0	

Turnover: Raw 238 (388) lots of 50 tonnes. White 1054 (927)
Paris- White (FFr per tonne): May 1489.46 Aug 1531.44

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low	
Apr	17.43	17.71	17.72	17.28
May	17.38	17.64	17.64	17.28
Jun	17.38	17.60	17.48	17.28
Jul	17.38	17.55	17.46	17.25
Aug	17.38	17.55	17.40	17.26
Sep	17.45	17.60	17.45	
Dec	17.51		17.45	
IPE Index	17.80	17.79		

Turnover 19171 (16712)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Mar	160.25	163.00	160.00	160.00
Apr	158.75	161.50	161.75	158.75
May	158.25	160.50	160.25	158.25
Jun	159.75	162.50	161.50	160.50
Jul	162.00	165.25	163.75	161.75
Aug	165.00	167.00	166.00	164.00
Sep	166.75	169.50	166.75	

Turnover 11839 (9585) lots of 100 tonnes

TEA

There were 20,240 packages for the day, reports the Tea Brokers' Association. A strong demand prevailed. Landed colourly Assams met improved competition. Bright liquoring east Africans ruled firm to dearer. Good mediums were irregular but unchanged on balance while other medium varieties closed 4-6p higher. Dust grades were again a strong feature and often much dearer. Offshore continued good demand with prices firm at last rates and 3-5p up for selected lines. The highest price realised was 168p for a Rwanda pf.1. Quotations: quality 150p, good medium 110p, medium 94p, low medium 80p.

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Mar	683	685	687	687
May	691	692	693	684
Jul	719	720	722	713
Sep	744	742	744	737
Dec	780	775	781	773
Mar	811	807	812	804
May	830		826	825
Jul	846		843	843
Sep	868		865	860

Turnover: 12289 (4623) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb.21 852.81 (863.60) 10 day average for Feb.24 848.72 (846.59)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low	
Mar	777	811	808	777
May	807	839	840	806
Jul	835	871	870	835
Sep	861	897	892	862
Nov	889	925	915	885
Jan	915	940	915	

Turnover: 4106 (4131) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb. 21: Comp. daily 54.57 (56.01) 15 day average 56.13 (56.37)
Sterling close: March £460

POTATOES – London FOX £/tonne

	Close	Previous	High/Low	
Apr	119.5	119.5	119.5	118.6
May	140.5	139.0	140.5	139.0
Apr	128.0	127.0	128.5	126.0

Turnover 110 (45) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low	
Apr	128.50	128.50	128.50	
Jun	123.50	124.00	124.00	123.50

Turnover 125 (12) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low	
Feb	1228	1226	1230	1229
Mar	1255	1255	1257	1250
Apr	1278	1286	1276	1270
Jul	1101	1105	1095	
Oct	1228	1235	1220	
Jan	1242		1255	
BFI	1236	1247		

Turnover 201 (238)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low	
Mar	123.60	123.45	123.60	123.10
May	127.65	127.35	127.80	127.00
Nov	115.75	115.70	115.75	115.70
Jan	119.40	118.85	119.40	
Barley	**Close**	**Previous**	**High/Low**	
Mar	115.25	115.25	115.25	
May	118.40	118.45	118.40	

Turnover: Wheat 248 (426), Barley 16 (103).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low	
Mar	118.0	117.8	118.0	
Apr	118.0	115.5	117.5	117.0
Jun	118.5	114.2	115.0	114.5

Turnover: 41 (151) lots of 3,250 kg.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)				Total daily turnover 40,122 lots		
Cash	1310.5-1.5	1294.5-5.5	1303.5	1308-0.5		
3 months	1337-7.5	1319-20	1339/1326	1329-0.5	1337-8	149,208 lots
Copper, Grade A (£ per tonne)				Total daily turnover 24,934 lots		
Cash	1277-8	1261-1.5	1278/1275	1276-6.5		
3 months	1298.5-9	1285-5.5	1299/1295.5	1298-8.5	1295-6	125,504 lots
Lead (£ per tonne)				Total daily turnover 1,794 lots		
Cash	288.25-8.75	285.5-6	290.5	289.5-90.5		
3 months	300-0.25	296.75-7	302/300	301.5-2	300-0.5	14,009 lots
Nickel ($ per tonne)				Total daily turnover 2,774 lots		
Cash	8010-20	7965-75		8050-5		
3 months	8065-75	8025-35	8140/8060	8100-5	8105-10	22,544 lots
Tin ($ per tonne)				Total daily turnover 1,186 lots		
Cash	5555-65	5660-70	5630	5630-5		
3 months	5695-705	5700-5	5715/5675	5674-5	5605-20	5,444 lots
Zinc, Special High Grade ($ per tonne)				Total daily turnover 9,675 lots		
Cash	1119.5-20.5	1105-6	1120/1118	1117-8		
3 months	1139-40	1127-8	1142/1133	1135-40	1140-1	43,024 lots

LME Closing £/$ rate: SPOT: 1.7490 | 3 months: 1.7258 | 6 months: 1.7034 | 9 months: 1.6844

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	349.60-350.00	
Opening	350.10-350.50	
Morning fix	349.00	201.080
Afternoon fix	349.80	200.206
Day's high	350.20-350.60	
Day's low	349.00-349.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.61	6 months	3.65
2 months	3.61	12 months	3.66
3 months	3.61		

Silver fix	p/fine oz	US cts equiv
Spot	234.30	407.70
3 months	240.10	411.85
6 months	246.00	416.45
12 months	257.40	426.75

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	349.75-350.75	200.25-200.75
Maple leaf	361.00-362.00	206.75-207.25
New Sovereign	85.50-86.50	49.00-49.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Dec	Jan	Dec	Jan
1200	118	151	1	10
1300	29	79	10	37
1400	1	34	82	91
Copper (Grade A)	**Calls**		**Puts**	
2150	89	107	1	21
2250	11	49	22	61
2350	1	17	111	120
Coffee	**May**	**Jul**	**May**	**Jul**
750	84	98	7	13
800	31	64	24	29
850	[illegible]	[illegible]	[illegible]	[illegible]
Cocoa	**Apr**	**May**	**Apr**	**May**
725	14	34	46	40
750	8	25	67	56
775	5	19	89	75
Brent Crude	**Apr**	**May**	**Jun**	
1800	15	38	66	90
1850	[illegible]	21		
1900				

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Feb	349.8	351.2	350.5	349.6
Mar	350.1	351.5	0	0
Apr	351.1	352.5	351.8	350.2
Jun	353.3	354.7	353.8	352.4
Aug	355.6	356.9	355.8	354.9
Oct	357.8	359.1	358.0	357.1
Dec	360.2	361.5	360.1	359.5
Feb	362.7	364.0	362.7	362.7
Apr	365.2	366.5	353.5	361.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Feb	360.1	360.1	0	0
Apr	358.4	359.6	359.9	357.2
Jul	358.0	359.3	359.0	357.0
Oct	361.1	362.4	361.0	360.5
Jan	361.3	362.6	361.0	360.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Feb	409.0	409.3	408.0	408.0
Mar	409.3	409.8	414.0	406.0
Apr	410.8	411.3	0	0
May	412.7	413.2	417.0	409.5
Jul	416.1	416.3	420.0	413.0
Sep	419.5	419.7	420.0	420.0
Dec	425.0	425.2	426.5	423.0
Jan	426.7	426.9	0	0
Mar	431.0	431.2	433.0	431.0
May	435.5	435.7	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	102.00	101.00	102.40	101.60
Mar	102.15	101.10	102.90	101.60
Apr	102.10	100.75	101.50	101.50
May	101.75	100.40	102.15	100.90
Jun	101.35	100.15	101.50	100.60
Jul	100.90	99.85	101.40	100.40
Aug	100.70	99.70	100.65	100.50
Sep	100.50	99.60	100.60	100.00
Dec	100.40	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.12	8.15	8.16	8.05
May	8.18	8.13	8.19	8.09
Jul	8.27	8.23	8.27	8.21
Oct	8.40	8.38	8.41	8.33
Mar	8.61	8.56	8.61	8.55
May	8.63	8.60	0	0
Jul	8.66	8.63	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Apr	18.43	18.66	18.58	18.29
May	18.58	18.78	18.68	18.42
Jun	18.72	18.86	18.81	18.58
Jul	18.79	18.91	18.84	18.66
Aug	18.82	18.90	18.84	18.71
Sep	18.83	18.89	18.84	18.73
Oct	18.84	18.88	18.86	18.75
Nov	18.87	18.89	18.88	18.78
Dec	18.90	18.91	18.92	18.81
Jan	18.88	18.88	18.85	18.78

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Mar	5186	5271	5230	5125
Apr	5150	5238	5200	5115
May	5119	5186	5145	5090
Jun	5104	5150	5115	5070
Jul	5136	5170	5150	5100
Aug	5206	5240	5210	5185
Sep	5341	5375	5340	5335
Oct	5451	5485	5470	5470
Nov	5551	5585	5510	5510
Dec	5651	5685	5650	5645

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1069	1070	1072	1060
May	1092	1091	1096	1083
Jul	1126	1127	1130	1118
Sep	1164	1162	1165	1154
Dec	1218	1214	1216	1210
Mar	1249	1242	1250	1246
May	1275	1268	1280	1280
Jul	1299	1291	0	0
Sep	1329	1330	0	0
Dec	1364	1365	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	65.05	66.80	66.70	64.50
May	66.80	69.55	69.60	66.75
Jul	69.60	72.40	72.35	68.75
Sep	72.35	75.25	74.90	71.80
Dec	76.00	78.70	78.50	75.50
Mar	80.00	82.90	82.40	80.00
May	83.00	86.25	83.00	83.00
Jul	85.00	89.00	85.00	85.00

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	53.45	53.17	53.60	53.10
May	55.58	55.50	55.70	55.30
Jul	57.04	56.87	57.20	56.70
Oct	58.30	58.95	59.30	59.20
Dec	59.85	59.50	59.85	59.65
Mar	61.30	60.85	0	0
May	61.85	61.30	0	0
Jul	62.38	61.85	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	140.10	140.05	142.25	140.05
May	136.95	136.25	138.70	136.00
Jul	135.05	134.00	137.00	134.60
Sep	131.80	132.00	133.00	0
Nov	123.50	123.35	125.00	123.25
Jan	123.55	123.25	123.60	123.60
Mar	123.55	123.25	0	0
May	123.55	123.25	0	0
Jul	123.55	123.25	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb.24	Feb.21	mnth ago	yr ago
1600.5	1608.3	1601.5	1652.7

DOW JONES (Base: Dec. 31 1974 = 100)

	Feb 21	Feb 20	mnth ago	yr ago
Spot	118.72	119.48	115.11	123.74
Futures	122.07	122.61	122.98	127.33

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	580/0	576/6	585/0	575/2
May	589/0	586/4	595/4	584/4
Jul	598/6	596/2	605/0	594/0
Aug	603/4	600/4	609/0	599/0
Sep	605/4	603/6	608/4	602/0
Nov	614/6	613/2	619/6	611/2
Jan	623/4	622/0	628/0	622/0
Mar	632/4	631/6	637/0	630/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	19.86	19.58	20.00	19.51
May	20.16	19.89	20.33	19.83
Jul	20.47	20.19	20.64	20.15
Aug	20.68	20.36	20.75	20.30
Sep	20.75	20.47	20.85	20.45
Oct	20.87	20.60	20.95	20.75
Dec	21.26	20.97	21.30	20.92
Jan	21.30	21.02	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	175.2	174.6	175.8	173.6
May	178.0	177.2	178.8	176.3
Jul	180.6	180.2	181.5	179.5
Aug	182.0	181.3	182.4	180.6
Sep	182.9	182.4	183.5	181.7
Oct	197.2	197.1	198.0	196.5
Dec	198.3	198.9	199.8	198.0
Jan	199.4	199.0	199.8	198.6

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	263/4	263/6	264/6	262/6
May	270/6	271/2	272/2	270/0
Jul	276/0	276/6	277/4	275/2
Sep	272/6	273/4	274/4	272/0
Dec	269/4	270/2	272/0	268/4
Mar	275/6	276/2	277/0	274/6
May	279/2	280/0	280/4	278/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	408/2	415/4	416/4	408/0
May	405/2	414/0	414/0	404/0
Jul	385/6	392/2	392/4	385/2
Sep	390/2	396/0	396/4	390/0
Dec	400/2	404/6	406/0	400/0
Mar	403/0	408/0	409/0	403/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	78.325	77.575	78.950	78.200
Jun	72.575	73.550	73.150	72.550
Aug	68.625	69.200	69.000	68.600
Oct	68.450	69.025	68.825	68.400
Dec	69.100	69.500	69.450	69.100
Feb	68.700	69.000	69.000	68.700

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	39.425	40.875	40.600	39.375
Jun	44.300	45.500	45.200	44.250
Jul	44.650	45.800	45.650	44.600
Aug	43.425	44.425	[illegible]	[illegible]
Oct	40.450	41.425	[illegible]	[illegible]
Dec	43.390	[illegible]	[illegible]	[illegible]
Feb	43.075	[illegible]	[illegible]	[illegible]
Apr	42.600	[illegible]	[illegible]	[illegible]

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	33.375	34.700	34.300	33.250
May	34.050	35.275	35.300	33.800
Jul	35.725	37.275	37.000	35.500
Aug	35.175	36.975	36.900	35.100
Feb	47.000	47.250	47.350	46.850
Mar	46.500	47.000	47.100	46.500

LONDON STOCK EXCHANGE

Futures lead new advance by shares

By Terry Byland, UK Stock Market Editor

Account Dealing Dates		
First Dealings:		
Feb 10	Feb 24	Mar 9
Option Declarations:		
Feb 20	Mar 5	Mar 19
Last Dealings:		
Feb 21	Mar 6	Mar 20
Account Day:		
Mar 2	Mar 16	Mar 30

*New-time dealings may take place from 8.30 am two business days earlier.

A STOCK market now virtually becalmed ahead of the UK budget on March 10 and the general election widely expected to follow within a month was led higher by the futures markets yesterday. Trading volume in shares was modest and the gain of 17.4 in the FT-SE Index was largely achieved in early deals when the March contract on the Footsie opened very strongly.

Underlying optimism was sustained by expectations that a further half point cut in UK base rates will either precede or swiftly follow Budget day. The latest UK opinion polls favoured Mr John Major's Conservative government, and there were new hints from political sources that April 9 has been chosen as election day.

However, the first day of the new equity trading account made an unexciting start, with traders disinclined to adopt new strategies in a market which this week faces a heavy list of corporate trading statements, notably from the banking sector.

Share prices opened lower behind unimpressive performances from equities in New York and Tokyo, and were also restrained by downward adjustments in a number of leading stocks to take account of dividend payments.

The trend in equities was abruptly reversed when the stock index futures opened and the March contract on the Footsie showed a premium of around 38 points over the underlying cash market. The stock market moved ahead and, although there was little genuine investment activity, the Footsie broke through the 2,500 mark to gain 20.7 at 2,563.0.

This level proved to be the best of the day, however, and the stock market merely trod water for the rest of the trading day. A somewhat uneven opening to the new session on Wall Street, which was 7.8 up on the Dow Industrial Average when London closed, gave little incentive to traders in the UK.

The final reading put the FT-SE Index at 2,559.7, a net gain on the day of 17.4 points. Seaq volume slipped lower, recording 440.5m shares traded compared with 569.5m on Friday. But traders pointed out that the daily Seaq figures have proved a poor guide recently to underlying retail, or customer business in equities. Friday's retail business was worth £1.3bn, the highest total for the month and comfortably inside the margin of profitability for the London-based securities firms.

The banking and financial stocks, which are prominent in this week's list of corporate news, closed firmly. Sterling's continued improvement against the D-mark buttressed confidence in prospects for cuts in UK base rates. Retail and consumer stocks, the immediate beneficiaries from lower interest rates, found buyers.

There was some nervousness, however, ahead of the UK trade figures for January which are due on Thursday. Analysts' fear that the trade figures will be disappointing, Kleinwort Benson Securities suggesting an increase in the monthly current account deficit to around £450m.

Nomura Research Institute warned that the trade figures, together with the unemployment data for last month, will draw attention to long term trends which may eventually undermine the sustainability of sterling's current rate within the ERM.

FINANCIAL TIMES STOCK INDICES

	Feb 24	Feb 21	Feb 20	Feb 19	Feb 18	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	88.19	88.21	88.37	88.29	88.47	85.39	88.47 (18/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	101.17	101.21	101.40	101.58	101.52	[illegible]	101.58 (19/2/92)	90.59 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1999.7	1982.9	1989.4	1975.3	1983.7	1855.5	2108.3 (2/9/91)	1606.8 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	128.8	130.8	136.8	135.8	135.9	199.4	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2559.7	2542.3	2542.4	2536.7	2555.9	2335.5	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1192.22	1182.65	1179.07	1172.55	1178.75	1095.31	1198.60 (3/9/91)	938.62 (16/1/91)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.60	4.63	4.61	4.62	4.60	5.16				
●Earning Yld %(full)	6.63	6.68	6.65	6.67	6.64	10.75				
●P/E Ratio(Net)(☆)	18.88	18.73	18.82	18.77	18.87	11.25				
SEAQ Bargns 5.00pm	28,078	38,143	32,671	31,684	33,560	32,765				
Equity Turnover(£m)†	-	N/A	1,305.5	1,013.6	995.40	826.63				
Equity Bargains†	-	N/A	32,702	32,525	34,008	32,843				
Shares Traded (ml)†	-	N/A	580.8	458.9	484.6	488.3				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 17.79

Ordinary Share Index, Hourly changes — Day's High 2002.2 — Day's Low 1978.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1978.6	1985.5	1994.0	1996.4	1998.7	1997.4	1997.9	1998.3	2001.2

FT-SE 100, Hourly changes — Day's High 2563.1 — Day's Low 2533.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2533.5	2543.3	2555.3	2559.6	2563.0	2560.4	2559.0	2558.6	2561.2

FT-SE Eurotrack 200, Hourly changes — Day's High 1193.18 — Day's Low 1186.76

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1186.76	1188.27	1191.22	1192.57	1192.19	1190.95	1190.58

GILT EDGED ACTIVITY

Indices*	Feb 21	Feb 20
Gilt Edged Bargains	107.3	85.6
5 – Day average	90.3	90.3

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index Tel. 0891 123001 Calls charged at 36p/minute cheap rate, 48p/minute at all other times

US still buyers of Saatchi

ADVERTISING agency Saatchi & Saatchi continued to attract unusually large interest on the back of encouraging press reports about the general state of the industry in the US.

More than 35m Saatchi shares were traded yesterday, and the price firmed a half-penny to 17¼p. Since last Wednesday more than 130m shares have been traded which, taking into consideration the double counting in recorded turnovers, represents over 4 per cent of the company's share capital.

Observers are confident that the interest is motivated solely by optimism for economic and industry recovery, rather than by stakebuilding, although one analyst argued that buyers may be prematurely optimistic. "There is light at the end of the tunnel, but it is an extremely long tunnel," the analyst commented.

Vickers volatile

There was volatile trading in Vickers shares as the market responded to the company's full-year figures. The stock fell 10 initially on the loss of £12.4m, compared with a profit of £96.5m last year; the loss was slightly larger than analysts' forecasts. Sentiment was further weakened by a lack of news on the full or part disposal of the Rolls-Royce Motor Cars subsidiary.

The decline was halted after the analysts' meeting and the shares bounced as the market showed appreciation of the 6p dividend payment, which was at the top of the range of forecasts, as well as the probability of further tank orders, and the better cash flow position than had been expected.

The shares ended 7 ahead on balance at 169p on turnover of 2.1m. Mr Clive Forrestier-Walker at Charterhouse Tilney said: "This is a very positive result, despite the continuing weakness in the Rolls-Royce business." He forecast 1992 profits of £37m.

Hanson saw heavy two-way business and closed a ¼ firmer at 212¾p with 9.7m shares traded. The buyers, who principally came from the US and appeared to be following a recent push by Goldman Sachs, were given added incentive yesterday with the publication of a weighty piece of research from County NatWest's conglomerates team, which looks at the company's long-term strategy. It argues that in spite of the low rating, negative feelings about the group are already discounted, that Hanson will receive great benefit from economic recovery and that any downside is protected by a large and safe yield.

Food retailers were boosted by positive comments from UBS Phillips & Drew and James Capel. Argyll moved ahead 9 to 327p, J. Sainsbury 11 to 391p and Tesco 9 to 260p.

Guinness rose 18 to 594p on lack of stock and strong demand. Grand Metropolitan climbed 5 to 949p before today's annual meeting. Allied-Lyons, up 8 at 594p, is to buy Modern Maid Products, a US food coating concern, from Dalgety for £23m.

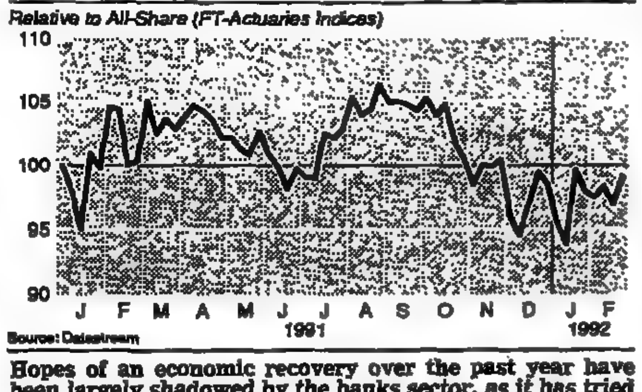
Brewers were generally firm, including Bass, up 9 at 557p on turnover of 2.7m. After a visit to Bass on Friday, BZW said it was very happy with a profits forecast of £580m for the year to September 1992 and reiterated its buy recommendation.

Leisure group Ladbroke continued to attract attention ahead of its results, due in two weeks, gaining 4 to 229p in moderate turnover of 2.2m.

Rank Organisation, which went ex the dividend yesterday, surprised some observers by shaking off last week's dip in its price, the shares firming 8 to 665p. Forte rose 1 to 231p.

Banks

Relative to All-Share (FT-Actuaries Indices)



Source: Datastream

Hopes of an economic recovery over the past year have been largely shadowed by the banks sector, as it has tried to move out of recession. A year ago, the sector received a boost from the leading banks' results, which were better than expected. A tight UK Budget and pessimistic economic outlook pulled the sector down through the early summer, but it rallied on recovery hopes in July and August. These had receded by September and the banks index fell away. Since then, political uncertainty ahead of the general election, with worries over dividends and provisions, have prompted volatility.

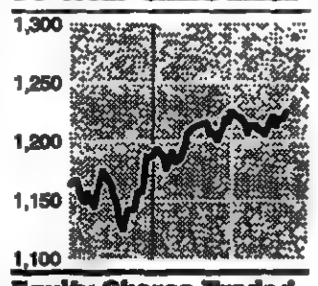
Euro Disney again celebrated its inclusion, in three weeks time, to the CAC 40 index in Paris, the shares gaining 18 to 1573p.

Power generators PowerGen and National Power were firmer with the market, and also in reflection of a long-term buy note from S.G. Warburg. PowerGen put on 6 to 228p and National Power 6 to 219p.

The improved political climate for the Conservatives sent water shares higher. Northumbrian Water added 5 at 391p, Severn Trent 6 at 341p and Thames Water 7 at 378p.

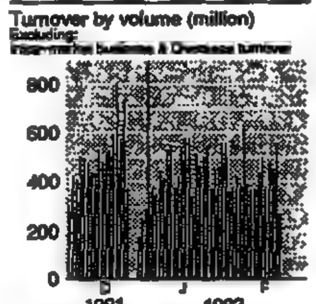
Renewed optimism over the economic and political outlook, combined with positive reflection from last week's figures from Lloyds Bank, boosted the banking sector. NatWest, which reports today, advanced 11 to 303p as fears over a rights issue receded. Analyst Mr Steven Thorn at UBS Phillips & Drew said Lloyds' capital ratio figures were significantly better than had been expected, and the market is hoping NatWest will follow suit.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Source: Datastream

Barclays, which was unaffected by yesterday's Swaps court ruling, rose on the general sentiment in the sector by 11 to 398p.

Support ahead of the full-year results, which are due today, helped SmithKline Beecham units to improve 15 to 4150p, although the "A" shares were flat at 928p.

ICI appreciated 22 to 1317p ahead of full-year results expected on Thursday. The stock was also said to have received some support from a strategic note by Credit Lyonnais Laing.

Glaxo, which went ex a 6p dividend yesterday, declined 6 to 813p, with some UK doubts still lingering from last week's results. Also, Merck, the US company which Glaxo tends to follow, had fallen by $1 in the previous session on Wall Street.

Turnover in BP increased sharply after Wall Street opened. The shares started quietly in London at the day's low of 255p, but finished only ½ off at 258p following good US buying. Volume was little more than 5m shares in the early afternoon, but 18m by the close. Both BP and Shell went ex-dividend yesterday, with Shell losing 3 to 445p.

Speculation in the weekend press that British Aerospace was to hive off its business jet and property operations, a move which could raise £650m for the company, helped the shares remain firm as the company made a 16.1p dividend payment. The stock finished 6 up at 300p.

Bargain hunters continued in Tiphook, helping the shares end 33 ahead at 345p on healthy turnover of 2.7m.

Initial disappointment at NFC's first-quarter results released on Sunday gave rise to early selling and the shares closed 9 lower at 230p.

MARKET REPORTERS:
Christopher Price,
Colin Millham,
Joel Kibazo, Peter John.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 25.

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (96).
AMERICANS (2) Chase Manhattan, Eaton, Ingersoll-Rand, BANKS (3) Deutsche, HSBC, Standard Chartered, BREWERS & DISTILLERS (8) Bass, Fosters, Guinness, Do. 5¼pc Prf., Do. 8¼pc Cv. '89-01, Holt (J.), BUILDING MATERIALS (3) Kalon, Tilcon, BUSINESS SERVICES (4) Adam & Harvey, Barbour Index, Capita, Serco, CHEMICALS (3) Allied Colloids, Engelhard, Hickson, CONGLOMERATES (1) Sissy (J), ELECTRICALS (2) Motorola, Volex, ELECTRONICS (10) ACT, Eurotherm, Farnell, MMT Computing, MTL, Instrs, Macro 4, Micro Focus, Sage, Telemetrix, Tunstall, ENGINEERING GENERAL (7) Feirey, Hall, Halma, PCT, Polymark, Powerscreen, Utd. Scientific, FOOD MANUFACTURING (3) Cadburys, Dalepak, Unilever, FOOD RETAILING (3) Argyll, Morrison (Wm), Sainsbury (J), HEALTH & HOUSEHOLD (3) Huntleigh Tech., Mayborn, Smith & Nephew, HOTELS & LEISURE (1) Tangong, INSURANCE BROKERS (1) Berry Birch & N., INVESTMENT TRUSTS (22) Aberust Prfd. Zero Prf., Beta Global Emrg. Mkts., China & Eastern, Drayton Recovery Prfd. Growth, Exmoor Dual Zero Prf., Gartmore Scot. Zero Prf., General Cons. Stppd. Prf., Genesis Malaysia Maju, Govett Atlantic, Kleinwort High Inc. Zero Prf., Leveraged Opportunity, Murray Split Cap. Zero Prf., Pacific Assets, Do. Wrrnts., River & Merc. Stppd. Prf., St. Davids Zero Prf., SPRAIT 8 3pc-13.3pc Cm. Ptg., Scot Asian Ptg., 5th Amer. Fund., TR Tech. Zero Prf., Templeton Emrg. Mkts., Do. 1pc Loan 2001, MEDIA (2) Central ITV, Reuters, MISCELLANEOUS (2) Cornwall Parker A, Fil. MOTORS (5) BSG, Cowie (T), Davenport Vernon, Jessups, Kwik-Fit, OTHER FINANCIAL (2) OTHER INDUSTRIAL MATERIALS (3) ECC, Tomkins 6¼pc Prf., Vinten, PACKAGING, PAPER & PRINTING (2) De La Rue, Microfilm Reprographics, STORES (3) Betterware Cons. Prods., Fine Art Devs., TEXTILES (2) Ingham, Usher (F), TRANSPORT (1) Brit. Airways.
NEW LOWS (58).
BUILDING MATERIALS (1) Latham (J), BUSINESS SERVICES (1) Gardiner, CHEMICALS (1) Hartons, CONTRACTING & CONSTRUCTION (1) Severfield-Reeve, ELECTRONICS (2) Harland Simon, Kewill Systems, ENGINEERING GENERAL (4) Aerospace Eng., Beaufort, Fenner, Wiseway, FOOD MANUFACTURING (2) Acatos & Hutcheson, RHM, FOOD RETAILING (1) Ashley 8.25p Prf., INSURANCE BROKERS (1) Sturge, INVESTMENT TRUSTS (13) Contra-Cyclical Inc., Derby Cap., Eng. & Caledonian, First Ireland Wrrnts., Fleming High Inc., Gartmore Value, General Cons. Inc., Japanese Wrnt. Fund, Kleinwort High Inc., Morgan Grenfell Equity Inc., New Throgmorton Inc., River & Merc. Geared Inc., Scot. Nat. Inc., MEDIA (4) Allied Radio 8pc Cv. 2007, Black (AC), MMI, Do. Wrrnts., MERCHANT BANKS (2) Brown Shipley, [illegible], MISCELLANEOUS (2) Dudley Jenkins, Eurocopy, OIL & GAS (1) Tusker Res., OTHER FINANCIAL (2) Alex Corp., London Finance, PACKAGING, PAPER & PRINTING (1) NMC 7.75pc Prf., PROPERTY (8) Bourne End, Cap. & Counties, Chesterfield, Do. 5.25pc Prf., Derwent Valley, Hammerson A, High-Point, Slough Ests. 8¼pc Prf., STORES (1) Mallett, TEXTILES (2) GR. Hewtin, MINES (3) East Daggafontein, Kinross, St. Helena, Willoughbys Cons., [illegible]

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
[illegible]															

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

A LARGE buying order triggered a squeeze of stock index futures, leading to a sharp advance in the March contract on the FT-SE Index, writes Joel Kibazo.

March opened firmly at 2,550 with traders moving quickly to cover short overnight positions. An order for 800 contracts, combined with earlier demand, led to a squeeze by late morning, sending the contracts sharply forward to touch the day's high of 2,587, and pulling the underlying cash market higher.

Light mid-session profit-taking saw the contract drift off, and a further decline was recorded following the poor opening on Wall Street.

March closed at 2,579, up 24 on the previous session and around 13 points above the estimated fair value premium to cash of about 6. Turnover was a healthy 9,040 contract.

The traded options market remained dull with turnover reaching only 22,419 lots. The FTSE-100 index option was busy, trading 9,031 contracts.

British Airways was the busiest stock option trading 1,318 contracts with April 260 calls particularly active. Thames Water traded 1,296 contracts, while British Aerospace recorded a total of 1,239 lots dealt.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
[illegible]							

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
[illegible]							

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
[illegible]							

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
[illegible]							

APPOINTMENTS

Welsh Water plugged

Holes in the senior management at Welsh Water created by the surprise departure of managing director David Jeffrey at the end of last year have now been plugged. Paul Twamley, a partner at Coopers & Lybrand Deloitte for the past 11 years, has been hired as finance director, replacing Graham Hawker, who was promoted to fill Jeffrey's spot in January.

Twamley, who has worked in Wales all his life, and for 28 years as a chartered accountant, specialised latterly in corporate finance, with geographic responsibilities for the West of England as well as Wales. He was also the audit partner for Welsh Water until two years ago.

When Coopers merged with Deloitte's, the terms of the deal meant that it was the senior partner of Deloitte's who secured the top position in the merged entity. Twamley had been senior partner at Coopers.

He acknowledges that one of the most important aspects of the job – managing relations with the City – will represent a new departure for him. But Graham Hawker, he says, is well versed in that department and will be hand-holding "until the City feels it can deal with me".

■ Perhaps with an eye to local sensitivities, Britain's biggest bank has decided put a Welshman in charge of the biggest part of its Welsh business. Gareth George, 42, is taking over as Barclays Bank's regional director for South Wales on June 1.

Having joined the bank in 1971, he is now moving from Birmingham to Cardiff – very much a return home. He was born and brought up in the Rhondda valley and went to Cardiff University.

As a "fanatical" rugger man he welcomes the chance to be among sympathetic colleagues for a change; at Birmingham, where he has been personal sector director for the past five years, he was the butt of all the anti-Welsh jokes every time Wales lost. Like many successful clearing bankers, George has done more than his fair share of charitable work and became national president of the Round Table at 39.

George is replacing Englishman, Grant Walshe, who is retiring on reaching 60. Having been brought in from Bristol, Walshe is regarded as having done a good job nursing the bank's business in a local economy which has been hit hard by the problems in farming and traditional heavy industries.

He quickly established himself in Cardiff business-life where no function is complete without his bonhomie and booming voice. He is staying on in the city among his bridge friends. "I bring a civilising English touch," he says.

Hodge Mark 3

Sir Julian Hodge, the 87-year-old Welsh financier, has long since retired from active duty but his name lives on at the Julian Hodge Bank where his son, Julian, is strengthening the management team.

Richard Mathias, aged 43, has been recruited from Midland Bank to fill the new post of deputy general manager. Richard Cave, managing director of the bank and one of Sir Julian's longest-serving lieutenants, says that the new appointment reflects the bank's commitment to South Wales generally and Cardiff in particular. "It is most appropriate that in addition to many years experience in banking, Mathias was born and bred a Welshman and is Welsh-speaking," says Cave.

The Julian Hodge Bank is the Hodge family's latest attempt to establish a significant Welsh financial institution. Sir Julian, who started life as a railway clerk and sold insurance door-to-door in the evenings, disposed of his first venture – the Hodge Group – to Standard Chartered in the mid-1970s and sat on the new owner's board for some years. His second banking initiative – the Commercial Bank of Wales – was bought by Bank of Scotland in 1986.

Compared with earlier Hodge banks, the family-owned Julian Hodge Bank is a modest affair with assets of £84m, shareholders' funds of £38m and pre-tax profits of £3.5m a year. It specialises in lending to commercial and industrial customers and operates out of a single office in Cardiff's Windsor Place.

■ David Clifton, md of CRODA INTERNATIONAL's universal division, is appointed to the main board. Stan Cressey, md of Croda's speciality chemicals sector, is to retire at the end of March.

■ Michael Schmetzendorf has been appointed operations director Hilton International London.

■ David Dewhurst is appointed group finance director of STRONG & FISHER; he moves from the head office of Hillsdown Holdings which is a majority shareholder of Strong & Fisher.

■ David Pearce has been appointed chairman and chief executive of KING & SHAXSON HOLDINGS following the death of William D'Abbans; David Mason is appointed company secretary in place of David Jarrett who remains a managing director.

LEGAL NOTICES

In the High Court of Justice No. 008858 of 1991 Chancery Division

In the matter of
MILLBARA INTERNATIONAL LIMITED
and in the matter of the
Companies Act 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 13th January 1992 confirming the reduction of the capital of the above named Company from £10,000,000 to £2.00 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above mentioned Act were registered by the Registrar of Companies on 19th February 1992.

Dated this 25th day of February 1992.
Carruthers & Co. of 29 Shaftesbury Avenue, London WC2H 8PJ Solicitors for the above named Company.

Notice of appointment of joint administrative receivers
CENTRAL GARAGES
(BRACKNELL) LIMITED

Nature of business: Car Servicing Centre. Date of appointment of joint administrative receivers: 14 February 1992. Name of person appointing the joint administrative receivers: The Governor & Company of The Bank of Scotland.
Christopher John Barlow and Christopher John Hughes, Joint Administrative Receivers, (Office holder no 552 and no 2041). Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ

Notice of appointment of joint administrative receivers
CORNMEAD LIMITED

Registered number: 1454089. Nature of business: Holding and Investment Company. Date of appointment of joint administrative receivers: 13 February 1992. Name of person appointing the joint administrative receivers: The Governor & Company of The Bank of Scotland.
Christopher John Barlow and Christopher John Hughes, Joint Administrative Receivers, (Office holder no 552 and no 2041). Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ

AGB RESEARCH PLC

Notice is hereby given that a Meeting of Creditors is to be held at Room G02, Arthur Andersen, London WC2R 2NT, at 11.00 am on 28th February 1992, to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from PO Box 55, 1 Surrey Street, London WC2R 2NT.
J.A. Talbot, A.W. Brierley, M. Fishman, M.L. McKillop, Joint Administrators

Notice of appointment of Administrative Receiver:
Beccas Beer Limited
Registered number: 1871939. Trading name: Beccas Beers Limited. Nature of business: Wholesaler of Beers & Mineral Drinks. Trade classification 12. Date of appointment of joint administrative receivers: 7 February 1992. Name of person appointing the joint administrative receivers: National Westminster Bank Plc.
N J Vooght & C J Hughes, Joint Administrative Receivers, (Office holder no 6339 and no 2041 respectively) Orchard House, 10 Albion Place, Maidstone, Kent ME14 5DZ.

BMR LIMITED

Notice is hereby given that a Meeting of Creditors is to held at the Charter 1 Suite, The Waldorf Hotel, London WC2, at 2.00 pm on 27th February 1992, to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from P.O. Box 55, 1 Surrey Street, London WC2R 2NT.
J.A. Talbot, A.W. Brierley, M. Fishman, M.L. McKillop, Joint Administrators

RESEARCH SURVEYS OF GREAT BRITAIN LIMITED

Notice is hereby given that a Meeting of Creditors is to be held at the Charter 1 Suite, The Waldorf Hotel, London WC2, at 10.00 am on 27th February 1992, to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from PO Box 55, 1 Surrey Street, London WC2R 2NT.
J.A. Talbot, A.W. Brierley, M. Fishman, M.L. McKillop, Joint Administrators

In the matter of
McIvor Spirits Limited
(In Receivership)
and in the matter of the
Insolvency Act 1986

Registered number: 2515012. Trading Name: McIvor Spirits Limited (In Receivership). Nature of business: Wholesale Distribution of Alcoholic Drink & Other Food & Drink. Trade classification 8102 & 8109. Date of appointment of joint administrative receivers: 12 February 1992. Name of person appointing the joint administrative receivers: Hill Samuel Bank Limited.
John Martin Iredale & Nigel John Vooght, Joint Administrative Receivers, (Office holder no 006339 and no 002104). Cork Gully, 9 Greyfriars Road, Reading, Berkshire RG1 1JG.

QUESTEL QUALITATIVE STUDIES LIMITED

Notice is hereby given that a Meeting of Creditors is to be held at the Charter 1 Suite, The Waldorf Hotel, Lonodn WC2, at 11.00am on 27th February 1992, to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from PO Box 55, 1 Surrey Street, London WC2R 2NT.
J.A. Talbot, A.W. Brierley, M. Fishman, M.L. McKillop, Joint Administrators

AGB INTERNATIONAL PLC

Notice is hereby given that a Meeting of Creditors is to be held at Room G02, Arthur Andersen, London WC2R 2NT at 10.00 am on 28th February 1992 to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from PO Box 55, 1 Surrey Street, London WC2R 2NT.
J.A. Talbot, A.W. Brierley, M. Fishman, M.L. McKillop, Joint Administrators.

PHL ESTATES LTD

Registered number: 2484839.
Nature of business: Property Company.
Trade classification: 35.
Administration Order made: 11 February 1992.
J.A. Talbot, A.W. Brierley, M.L. McKillop
Joint Administrators.

AUDIENCE SELECTION AND TELESALES LIMITED

Notice is hereby given that a Meeting of Creditors is to be held at the Charter 1 Suite, The Waldorf Hotel, London WC2, at 1.00 pm on 27th February 1992, to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from PO Box 55, 1 Surrey Street, London WC2R 2NT.
J.A. Talbot, A.W. Brierley, M. Fishman, M.L. McKillop, Joint Administrators

AGB CONSUMER RESEARCH LIMITED

Notice is hereby given that a Meeting of Creditors is to be held at the Charter 1 Suite, The Waldorf Hotel, London WC2, at 11.30am on 27th February 1992, to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from P.O. Box 55, 1 Surrey Street, London WC2R 2NT.
J.A. Talbot, A.W. Brierley, M. Fishman, M.L. McKillop, Joint Administrators

AUDITS OF GREAT BRITAIN LIMITED

Notice is hereby given that a Meeting of Creditors is to be held at the Charter 1 Suite, The Waldorf Hotel, London WC2, at 3.00 pm on 27th February 1992, to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from PO Box 55, 1 Surrey Street, London WC2R 2NT.
J.A. Talbot, A.W. Brierley, M. Fishman, M.L. McKillop, Joint Administrators

ART GALLERIES

LONDON SHARE SERVICE

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING AEROSPACE

[illegible]

ENGINEERING GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1991/92 high	low	Yld Gr's	NAV	Dis or Pm(-)
■Scot National Inc.		95½xd	-½	116	95½	12.4	–	–
■ Cap		32	–	68	30	–	28.8	-42.0
Stepped Pf	‡	128½xd	–	133½	113	5.4	–	–
Zero Div Pf		172½	–	172½	141	–	–	–
Warrants		7	–	19	7	–	–	–
Scot Value	a	55	–	58	46¾	3.8	58.4	4.2
Sec Alliance	†	1175xd	+2	1255	882	4.0	1359.8	13.2
Second Market	s	223	+1	230	199	0.6	263.1	15.7
■Sec Tst Scot	†	69½	+1	78	57½	5.9	72.8	5.8
Select Assets		99xd	–	102	71	1.2	135.7	28.3
Eq Ind Serl		114	–	121	89	5.8	–	–
Eq Ind SerII		114	–	121	89	5.8	–	–
Shires	†	224	+4	230	181	10.5	225.3	2.3
11pc Cv Ln '03/04		£192½xd	-5	£128½	£97½	10.7	–	–
Siam Select		88	–	98	78	1.5	105.1	16.3
Warrants		19	–	31	18	–	–	–
■Smaller Cos		70xd	+½	93	60	4.8	84.8	16.0
Warrants		13	–	25	8	–	–	–
■Sphere Inc		17	–	33	17	30.4	24.1	31.5
Zero Div Pf		68¾	-½	69¼	58¾	–	–	–
Warrants		0¾	–	9½	0¾	–	–	–
Stratton		157	–	180	120	1.6	188.5	16.6
Sumit	‡	50	–	119	50	‡	109.9	54.5
■TR City of Lon		106	–	121¼	90	5.7	112.1	5.5
■TR Euro Growth	s	87	–	104	78	1.5	97.3	10.8
Ptg Sub	s	53	–	58	40	2.5	–	–
■TR Far East Inc		87xd	+1	94	58	6.4	101.3	14.2
Warrants		14	–	23	12	–	–	–
TR High Inc	H	88	–	115	85	8.2	96.5	-1.6
Sub	g	33	–	35	24	8.1	–	–
■TR Pacific	s	81	–	92	49	0.4	94.5	14.3
■TR Prop		24	–	37	23½	8.1	34.8	31.1
■TR Smaller		133	+4	165	98	3.7	149.0	10.7
■TR Technology	M	35	+1	62	20	6.8	138.7	74.8

[illegible]

MERCHANT BANKS - Cont.

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

MOTORS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

	Notes	Price	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
‡‡Kalis Mints E		35	–	46	32	0.05	–
‡Kenmare		6½	–	25	3½	0.38	–
‡‡Kavan Res E		20	–	25	15	3.46	–
Northgate Expl C$		45⅞	+5	60	30	5.79	–
North West Expl A$		2	–	10	2	0.07	–
Oryx Gold $		69½	–	100	62	–	–
‡‡Ovoca Gold E		10	–	23	8	0.78	–
Pelsart		11½	–	44	11	0.24	–
■RTZ		540	+7	595	404	5,408	4.6
‡Vizcaya		2	–	10	2	1.07	–
‡Western & Pac C$		12½	–	102	7	0.05	–
‡Young Grp		86	–	120	66	14.4	7.2

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock."
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash.

[illegible]

s Dividend yield excludes a special payment.
f Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.

1991.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other

T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 - 379 - 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

Standard Life Tst Mgmt Ltd (0629)H
3 George St, Edinburgh EH2 2XZ 0800 393777

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed Acc	5¼	36.49	36.49	38.78	—	2.41
UK Equity Gth Acc	5¼	49.87	50.80	53.98	—	1.91
UK Eq High Inc Inc	5¼	28.92	29.60	31.46	+0.1	6.24
UK Eq High Inc Acc	5¼	32.51	33.28	35.37	+0.1	6.24
UK Equity Gen Acc	5¼	46.05	46.77	49.70	—	3.47
UK Equity Gen Inc	5¼	36.02	36.60	38.89	—	3.47
UK Larger Cos Acc F	7½	306.1	310.0	336.4	-0.6	4.75
UK Larger Cos Inc F	7½	246.4	249.6	270.9	-0.4	4.75
Gilt & Fxd Int Inc	5¼	28.33	28.40	30.04	-0.1	7.21
O'seas Larg Cos Acc F	7½	213.0	216.5	235.0	+1.3	2.05
Nth American Acc	5¼	36.78	36.91	39.22	-0.1	0.79
Far East Acc	5¼	39.70	40.74	43.29	+0.5	0.13
European Acc	5¼	35.31	36.67	38.97	+0.1	1.60

Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5	298.6	298.6	317.8	-1.6	0.71
(Accum Units) ♥	5	351.5	351.5	374.1	-1.8	0.71
British	5	796.7	809.7	856.7	+0.7	6.05
(Accum Units)	5	1309.0	1330.3	1407.6	+1.2	6.05
European	5	331.3	331.3	352.0	-0.5	1.42
(Accum Units)	5	359.1	359.1	381.6	-0.5	1.42
Japan	5	107.1	107.1	114.0	-0.5	—
(Accum Units)	5	108.0	108.0	114.9	-0.5	—
New Pacific	5	193.8	193.8	206.5	+0.1	1.67
(Accum Units)	5	199.0	199.0	212.1	+0.1	1.67
PEP Feb 20	5	149.1	150.5	159.2		3.53
Mngd Equity	5	126.4	127.9	135.3	+0.2	2.78
Mngd Equity Acc	5	134.1	135.7	143.6	+0.3	2.78
Mngd Cash	0	96.47	96.47	96.47	+0.06	10.13
(Accum Units)	0	118.9	118.9	118.9	...	10.13
Majority Stlg	1	100.48	100.48	101.48	+0.05	9.96
Majority Stlg Acc	1	109.42	109.42	110.51	+0.05	9.96

Storebrand Intl Inv Mgrs Ltd (1200)F
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
International Jan 31	0	50.77	50.77xd	51.24	...	3.20

Sun Alliance Unit Tst Mngmt Ltd (1200)F
St Mark's Court, Horsham 0403 232323

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Equity	6	605.3	612.9xd	655.5	+12.8	3.07

[illegible]

Local Authorities Mutual Invest. Tst.*
2 Fore Street, London EC2Y 5AQ 071-588 1815

	Bid Price	Offer Price	+ or -	Yield Gross
Property Jan 31	196.75	200.75	—	7.93
Equity Jan 31	888.05	895.20	...	3.77

* Available only to Local Authorities

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Charibond Feb 21	103.94xd		-0.3	10.38
(Accum Units)	629.49		-1.5	10.38
NAACIF Feb 18	40.00xd		—	9.63

Morgan Grenfell Investment Funds Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity † Feb 18	127.7	137.2	—	1.98
UK Small Co † Feb 18	515.9	565.3	...	3.54
Fixed Interest † Feb 18	111.3	117.1	—	8.55
US Small Co Feb 18	185.2	198.1	...	0.00
Managed Feb 18	108.6	116.3	—	3.40
Intl Bond Feb 18	121.3	128.0	—	10.02
Japan Feb 18	68.06	72.53	...	4.05
European Feb 18	90.19	96.75	—	1.76
Nth American Feb 18	126.1	135.7	—	1.18

Murray Johnstone UT Mngmt
Murray Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Amer Expt Feb 19	55.66	57.89xd	—	1.93
Euro Expt Feb 19	52.93	55.58xd	—	2.46
Fixed Int Ex Feb 19	47.85	49.03	...	8.88
Japan Expt Feb 19	42.27	43.97	—	0.69
Managed Ex Feb 20	44.43	46.20	...	4.32
SE Asia Expt Feb 19	77.48	81.36	...	2.65
Sm Cos Expt Feb 19	35.94	37.74	—	3.41
UK Eqty Ex Feb 19	43.62	45.81xd	...	3.69

Phillips & Drew Fund Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Small Co's Feb 5	685.40	729.40xd	—	4.35
Do Accum	795.07	846.12	—	4.35
Int Expt Feb 20	186.89	190.86	—	1.61
UK Index Feb 5	1178.06	1192.81xd	—	4.32
Do Accum	1303.87	1320.18	—	4.32
Convertible Feb 24	94.61	97.64	+0.[illegible]	8.33
Worldex UK Index Feb 18	784.51	794.07xd	—	1.92
Do Accum	784.51	794.07xd	—	1.92

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

Henderson Administration(z)
3 Finsbury Ave, London, EC2M 2PA 071-638 5757

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity	302.2	319.0	+0.6	4.5
Fixed Interest	68.0	71.6		10.5
N. America	294.2	310.6	+4.0	—
Far East	376.1	397.0	+3.1	—
Global Managed	328.1	346.3	+1.8	—
Deposit	202.1	212.8	+0.1	—
Prime Res.	134.3	141.4		—
European	189.7	200.3	+1.2	—
Pension Funds				
UK Equity	332.9	351.4	+0.7	—
Fixed Interest	230.9	243.7	-0.1	—
Special Sits.	267.0	281.8	+2.1	—

[illegible]

Lifetime Assurance Co Ltd
Bank Hse, St John's Rd, Harrow HA1 2EE 081-861 5999

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Security	110.9	116.8		—
Managed Growth	120.9	127.3		—
Managed Opportunity	108.9	113.7		—
Property	112.9	118.9		—
Fixed Interest	121.6	128.1		—
Cash	113.1	119.1		—
UK Equity	108.8	114.6		—
Intl Equity	119.1	125.4		—
Pension Funds				
Managed Security	111.9	117.8		—
Managed Growth	114.0	120.0		—
Managed Opportunity	99.6	104.9		—

[illegible]

NEL Britannia Assce Co Ltd
Milton Court, Dorking, Surrey 0306 880077

	Bid Price	Offer Price	+ or -	Yield Gross
Capital Growth	132.1	139.1	+0.7	—
Managed Income	108.9	114.6	+0.1	—
Cap Grwth Ser B	115.0	121.1	+0.6	—
Mngd Income Ser B	111.1	116.9	+0.1	—
Broker Managed				
PAM Global Growth Fd	118.6	118.6	+0.2	—
PAM Growth Fund	104.2	109.7	+0.3	—
Multichoice Investment Funds				
Managed Bldg Soc	125.8	132.4	+0.1	—
Deposit	147.3	155.0	+0.1	—
Managed Portfolio Funds				
Barings Mngd Life	100.4	105.7	+0.6	—

[illegible]

Continued on next page

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Norwich Union Life Insurance Soc.–Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Mixed Fund	441 2	464 4	+0 1	–
Ordinary Share Fund	660 0	694 7	+2 3	–
International Fund	173 3	182 4	-1 6	–
Property Fund	261 1	274 8	+0 3	–
Fixed Interest Fund	396 5	417 4	+0 2	–
Index-Linked Sec Fund	192 9	203 1	-1 0	–
Deposit Fund	276 0	290 5	+0.5	–
Norwich Units Nov 15	1053 70			

*Prices as at February 18

Jersey Investment Plan				
With Profits Fund	121 93	128 35	+0 10	–
Intl Equity Fund	95 37	100 39	-0 01	–
Intl Bond Fund	120 73	127 08	-0 17	–

Norwich Union Pensions Management Ltd
Surrey Street, Norwich NR1 3NG 0603 683335

Group Pooled Pensions				
Balanced Managed Fd	316 95	322 22	+0 05	–
Growth Managed Fd	105 30	107 15	+0 10	–
Sentinel Managed Fd	104 39	105 82	+0 04	–

Prices as at February 21

Pearl Assurance (Unit Funds) Ltd
Thorpe Wood, Peterborough PE3 6SA 0733 63212

Prop Dist (Gross)	133 5	140.5	+0 1	–
Prop Acc (Gross)	254 4	267 8	+0 2	–
Equity (Gross)	863 4	908 8	+3 3	–
Managed (Gross)	604 7	636 5	+1 6	–
Prop Acc (Net)	121 4	127 8	+0 1	–
Equity (Net)	200 2	210 8	+0 7	–
Managed (Net)	186 3	196.1	+0.4	–
International (Net)	170 8	179 8	+0 2	–
Gilt & Fxd Interest	133 9	141 0	+0 1	–
Money Fund	136 6	143 8	+0 1	–
Mixed Fund (Cap)	116 8	123 0	+1 0	–
Mixed Fund (Acc)	120 0	126 4	+1 0	–
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	660 9	695 7	+2.8	–
Ret Man (Series 2)	224 2	236 0	+1 0	–
Ret Cash	190 6	200.6	+0 1	–
Pens Mixed Fd (Cap)	130 1	137 0	+0 8	–
Pens Mixed Fd (Acc)	133 7	140 8	+1 0	–
Pens Stlg Fd (Cap)	101 3	106 7	+0 2	–
Pens Stlg Fd (Acc)	104 1	109 6	+0 2	–

Pegasus Assurance Ltd
Broad Quay Bristol BS1 4DJ 0272 230271

Provident Mutual Life Assc. Assn.–Contd.

Pension Funds	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	463.8	488.2	+9.1	–
Managed Init.	342.3	360 3	+2.3	–
Equity Ord	704.2	741.3	+9 1	–
Equity Init.	519 7	547 1	+6.7	–
Pen Ind Lkd Gilt Ord	181.3	190 8	..	–
Pen Ind Lkd Gilt Init.	139 7	147.1	.....	–
Overseas Equity Ord.	326 7	343 9	-0.6	–
Overseas Equity Init.	241.2	253 8	-0.5	–
Property Ord	272.8	287 2	+0.3	–
Property Init.	201.3	211.9	+0.1	–
Fixed Interest Ord.	278 4	293 1	-0.1	–
Fixed Interest Init.	205 4	216 2	-0.2	–
Deposit Ord	259 8	273 5	+0 2	–
Deposit Init	191 7	201 8	+0.1	–

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222

Profund				
Managed Feb 19	1258 2	269 0	......	–

Prudential Corporate Pension Funds
1 Stephen St. London W1P 2AP 071-548 3281

Prudential Managed Funds				
Discretionary Feb 19	£183 64	189.34	.....	–
Equity Feb 19	£207 59	214.64	.....	–
International Feb 19	£28.33	28.96	.....	–
Intl Bond Feb 19	£14 40	14 78	.....	–
Fixed Int Feb 19	£100.89	102 03	.....	–
Index Linked Feb 19	£73.75	74 68	.....	–
Property Feb 19	£106 70	112 79	.....	–
Cash Feb 19	£29.7368	29 7368	.....	–
Pru-Linked Retirement Plan				
Managed Feb 20	445.4	464.0	.....	–
Cash Feb 20	273.6	285 0	.....	–
Prudential Pensions Investment Account				
Pens Mngd Feb 24	178.3	191.7	+0 4	–
Pens UK Eq Feb 24	308 4	332.5	+0.1	–
Pens Intl Feb 24	204.9	220.1	+0.4	–
Pens Global Eqty Feb 24	99 6	104.9	+0 1	–
Pens Fixed Feb 24	229.7	242.5	-0 5	–
Pens Index Lk Feb 24	190 2	200 8	-0.4	–
Pens Property Feb 24	87.5	92.2	——	–
Pens Cash Feb 24	178.6	188 1	.....	–
Money Purchase Plan				
Discretionary Feb 24	98.1	105 2	+0.1	–

Scottish Amicable
150 St Vincent St, Glasgow 041-248 2323

Life Funds (First Series)	Bid Price	Offer Price	+ or -	Yield Gross
Managed	340 8	358 8	+1.0	–
Equity	430 7	453.4	+2 4	–
Property	236 6	249.1	..	–
International	313 4	329.9	-0 7	–
Japanese	84.8	89.3	-1.3	–
Asia Pacific	102.5	107 9	-0.4	–
European	98.3	103 5	+0.7	–
American	109 7	115 4	+0 6	–
Fixed Interest	286.3	301 4	.	–
Index-Linked Gilt	154 7	162 9	..	–
Cash	203.9	214.7	+0 2	–
Life Funds (Second Series)				
Managed	94.2	99 2	+0.2	–
Equity	92.0	96.9	+0.5	–
Property	98.8	104 0	..	–
International	96 3	101 3	-0 2	–
Japanese	84.4	88 9	-0 3	–
Asia Pacific	99 9	105.1	-0.7	–
European	96.8	101.9	+0 6	–
American	106.5	112 1	+0.3	–
Fixed Interest	106.9	112.6	+0 2	–
Index-Linked Gilt	98.3	103 5	..	–
Cash	100.5	105 8		–
Pension Funds				
Building Society	157 4	165.7	.	–
Managed (Init)	203 4	214 1	+0 7	–
Managed (Acc)	372.5	392 1	+1.5	–
Equity (Init)	233.3	245.6	+1 6	–
Equity (Acc)	427 4	449.9	+3.1	–
Property (Init)	153 1	161.2	..	–
Property (Acc)	277 9	292.6	..	–
International (Init)	190 8	200 8	-0 4	–
International (Acc)	349.5	367.9	-1.2	–
Fixed Interest (Init)	195.3	205.6	+0.3	–
Fixed Interest (Acc)	357 7	376.6	+0.7	–
Cash (Init)	151.0	159 0	....	–
Cash (Acc)	276.7	291.3	+0.1	–

Scottish Equitable Life Assce. Soc.
28 St Andrew Sq, Edinburgh 031-556 9101

Mixed	192.3	202.4	+0.5	–
UK Equity	186 1	195 9	+0 8	0
International	195.2	205.5		–
American	179.8	189 3	-1.0	–
European	211.7	222.8	+2.0	–

Sun Alliance Group
St Mark's Court Horsham 0403 232323

Life Funds	Bid Price	Offer Price	+ or -	Yield Gross
Managed	483.2	508.7	+1.8	–
Deposit	260.0	273.7	....	–
Equity	663 6	698 6	+3 9	–
Equity Income	152.2	160.3	+1.3	–
European	114 7	120.8	+0.2	–
Far East	141.1	148 6	+0.2	–
Fixed Interest	331 7	349.2	-0 6	–
Index Linked	243 9	256 8	-0.1	–
International	443.4	466 8	+0.1	–
North America	166.8	175 6	+0.6	–
Property	392.1	412 8	——	–
Worldwide Bond	120 4	126.8		–
Worldwide Financial	74 30	78.30	...	–
Worldwide Technology	88.00	92.70	... ..	–
International Bond	£57 74		... ..	–
Pension Funds				
Managed	372.7	392.4	+2.0	–
Building Society	167.3	176 2	..	–
Deposit	293.8	309.3	+0 1	–
Equity	440.3	463.5	+3 8	–
Equity Income	127 0	133 7	+0 9	–
Far East	64 30	67 70	+0 10	–
Fixed Interest	362.2	381.3	..	–
Index Linked	339 1	357 0	-0 1	–
International	419.8	441.9	..	–
Property	229 8	241 9	....	–
Worldwide Bond	126.2	132.9	-0.1	–
Fram Special Managed	133 4	140.5	+0.3	–
Fram America Smlr Cos.	148.2	156 0	-0.2	–
Fram America Turnaround	138 9	146.3	-0.1	–
Fram Capital Tst.	127.5	[illegible]	[illegible]	–
Fram Intl Growth	143 9	151 5	-0.8	–
Fram Japan & General	165.1	173.8	-0.7	–
Fram Recovery Tst.	172.3	181.4	+0.2	–
GT Special Mngd	120 3	126.7	+0.3	–
GT Amer Spec Sits	140 0	147.4	[illegible]	–
GT Capital	144 7	152.4	+1.1	–
GT European	107 1	112.8	[illegible]	–
GT Far East & Gen	135.6	142.8	-0.3	–
GT International	102.7	108.2	[illegible]	–
GT Japan & General	115 7	121.8	[illegible]	–
GT US & General	131.7	138.7	+0.9	–
Phoenix Life Funds				
Wealth Assured	474.3	499.4	+4.7	–
Ebor Phoenix Eqty.	368.3	391.5	.....	–
Phoenix Pension Funds				
Special Mngd	202.8	213 4	+1.0	–

Wesleyan Assurance Society
Colmore Circus, Birmingham, B4 6AR 021-200 3003

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fd.	233.1	244.9	....	–
Pens Managed Fd	158 1	166 1	....	–

Windsor Life Assur Co Ltd
Windsor House, Telford, Shropshire 0952 292929

American	285 0	300 0	..	–
Balanced Accum Cll	127 6	134.3	...	–
[illegible]	242.1	254 8	....	–
Far East	267 1	281.2	.	–
[illegible]	551.9	581 0	...	–
Tally Man Acc Pen Cll	553.5	582.6	...	–
Gilt	298.1	313 8	...	–
[illegible]	320 7	337.5	...	–
Grnd Rent & Gilt II Life	130.3	137.2	...	–
Grnd Rent & Gilt II Pen	144.0	151.6	....	–
Grnd Rent & Gilt III Life	111.1	116 9	...	–
Grnd Rent & Gilt III Pen	117.9	124 1	...	–
High Inc. Equity	232 9	245.2	...	–
High Inc. Fixed Int.	125 4	132.0	...	–
Hedge Fund	319 8	336 7	.	–
Index-Linked Gilt	163 7	172.3	...	–
[illegible]	310 4	326.7	....	–
[illegible]	259.3	272.9	....	–
[illegible]	548.6	565 4	.	–
Nth Amer Fd	229.1	241.2	....	–
Open Plan Mngd Fd	175 1	184 3	....	–
Pacific	635 2	668.6	...	–
Property	239 4	252.1	...	–
Retail & Rnts'ry Life	141.7	141.7	....	–
Retail & Rnty Pen Uts	161.9	161.9	....	–
Takeover Fund	259.1	272.8	....	–
UK Equity	236 1	238 0	....	–
UK Tracker Accum Cll	122.0	128.4	....	–
PAM UK Ground Rent	95.3	101.4	....	–

Woolwich Life Assurance Co Ltd
1-3 Queensway, Redhill, Surrey RH1 1NH 0737 779900

Managed Fd		118 6	+0.51	–

Zurich Life Assurance Co Ltd
11 Guildhall Walk, Portsmouth PO1 2LR 0705 822200

UK Managed	122.3	128 7	+0 6	–
International	128 0	134.8	+1.0	–
Swiss	124 8	131.4	+0.6	–
UK Equity	122.5	128.9	+0 8	–
UK Gilt & Fixed Int	120 0	126.3	....	–
Security	124.4	130 9	....	–
Guaranteed Deposit	113.3	119 2	....	–

Providence Capital International Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Swiss Franc Mngd	SFr5.341	5 744	....	–
Swiss Franc Money Mkt.	SFr1.168	1.256	..	–
DM Deutschmark Managed	DM1.844	1.983	—	–
£ OFS Global Port.	£0.847	0.912	..	–
£ YRA Worldwide	£0 988	1.063	...	–
$ YRA Dlr W'wide	$1 040	1 119	.	–
Young & Co Stocs P'folio	$0.980	1.054	.	–

Royal Life Intl. Ltd
Royal Court, Athol Rd, Douglas IoM 0624 821212

Pension Growth A	£0.905	0 974	.	–
Pens Growth (Bonus)	£1.766			–
Royal Life UK Mngd Fd	£1 395	1.501	+0 004	–
Royal Life Gilt Fd	£1 567	1 685	+0 002	–
Royal Life UK Eqy Fd	£1.318	1.418	-0 027	–
Royal Life Amer Fd	£0 962	1.035	-0 008	–
Royal Life Euro Fd	£0 963	1.036	+0.005	–
Royal Life Far East Fd	£0.927	0.997	-0 003	–
Ryl Life Intl Grth Fd	£0 897	0.965	-0 003	–
Royal Life Intl Prop	£2.293	2 466	-0 041	–
Analysis APM O/S Fd	£1.541	1.658	+0.001	–
Analysis Bal Inv Port	£1.134		+0.002	–
AS & Co Offshore Bal F	£0 988	1.063	+0.016	–
Lacomo Intl Fd	£1.494	1 747	+0 017	–
Young & Co Int. Port.	£1.222	1.315	-0 003	–
YRA Growth Fd	£1.131	1.217	+0.015	–
YRA $ Growth Fd	$1 044	1.123	-0.026	–
YRA Special Opps	£0.980	1.054	-0.014	–
S.A.M. 1	$1 430	1.506	-0 049	–
S.A.M. 2	$1.326	1.396	-0.069	–
S.A.M. 3	£1.468	1.546	-0 043	–
S.A.M. 4	£1.440	1.516	-0.038	–

Royal Skandia Life Assurance Ltd (z)
Skandia Hse, Finch Rd, Douglas, IoM 0624 611611

[illegible]	[illegible]	1.188	....	–
[illegible]	[illegible]	1.159	....	–
£ Aggressive Assetmix	£1.083	1.164	..	–
£ Balanced Fidelity	£1.053	1.132	....	–
£ [illegible] Skandia SICAV	£0 984	1.058	....	–
£ Balanced INVESCO MIM	£1 350	1.451	....	–
£ Aggressive Perpetual	£0.955	1 026	....	–
£ Deposit	£1.327	1.426	....	–
£ Building Society	£1.303	1.401	....	–
$ Cautious Assetmix	$1.134	1.219	....	–
$ Balanced Assetmix	$1.109	1.192	....	–
$ Aggressive Assetmix	$1.125	1.209	....	–
$ Balanced Fidelity	$1.103	1 185	....	–

J. D. Ward Financial Services Ltd
9 Kingsway, London, WC2 B6XF 071-836 4321

	Bid Price	Offer Price	+ or -	Yield Gross
J D Ward Mngd Bond	201 1	216.4		–
J D Ward Mngd Pens.	124 8	134 4		–
Albany Life Acc.	196 7	207.0	+0 8	–
Albany Pens Acc.	252.2	265 4	+1 5	–
M&G Tripos Pen Acc.	181.2	190.4	-0.2	–
PEPC WW Gwth (Pen Acc)	188.6	198 5		–

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds
Pembroke Hall, Pembroke, Bermuda
UK: Pref Advisers 0800 414181 Jersey 0534 71696
Private Clients 0800 414161
Fount O'seas (44) 732 777377 Hong Kong (852) 848 1000

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
A$ Accum	A$–		15 249		+0.02	6.30
A$ Dist	A$–		15.249		+0.02	6.30
ASch Accum	Sch–		201.00		+0 05	8.60
ASch Dist	Sch–		201.00		+0 05	8.60
C$ Accum	C$–		15.222		+0.03	6 00
C$ Dist	C$–		15.222		+0.03	6 00
DM Accum	DM–		30 626		+0.01	8.70
DM Dist	DM–		30.626		+0.01	8 70
DFl Accum	Dfl–		25.526		+0.01	8 80
DFl Dist	Dfl–		25.526		+0.01	8 80
ECU Accum	Ecu–		10 231		+0.01	9.30
ECU Dist	Ecu–		10.231		+0.01	9.30
FFr Accum	FFr–		51.110		+0.02	9 00
FFr Dist	FFr–		51.110		+0.02	9 00
HK$ Accum	HK$–		100 76		+0.01	3.00
HK$ Dist	HK$–		100.76		+0 01	3 00
Lire Accum	L–		15,395		+5	11 2
Lire Dist	L–		15,395		+5	11 2
NZ$ Accum	NZ$–		30.460		+0.01	5.80
NZ$ Dist	NZ$–		30.460		+0.01	5.80
SPta Accum	Pta–		1812.4		+0 5	12.0
SPta Dist	Pta–		1812.4		+0 5	12.0
£ Accum	£–		10 237		+0.01	9 70

Royal Bank of Canada Funds
RBC Offshore Fund Managers Ltd
PO Box 246, St Peter Port, Guernsey 0481 723021

Sarasin Funds Mngmt (Guernsey) Ltd
PO Box 246 St Peter Port, Guernsey 0481 723021

Schroder Investment Mngmt (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey 0481 710451

GUERNSEY (REGULATED)(**)

Adams & Neville Fund Mngt (Guernsey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Worldwide Enter Cos	50 58	0 62		–

Arab Bank Fund Managers (Guernsey) Ltd

ABL International Fund Ltd				
Managed Currency	$10 76	10 77		–
International Bond	$10 92	10 94		–

Bachmann Global Investment Fund Ltd

International Bond	$137 87	137 07		–
Cash, Gilt & Stlg Fxd Int.	£13 96	14 27		–

Credit Suisse Asset Mngmt (Guernsey) Ltd

Olympic Options Ltd	19 9919	9 9900		–
Olympic Options Intl Ltd	$10 46	10 70		–

Dantrust Management (Guernsey) Ltd
Dantrust Limited

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

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LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar retraces early gains

THE DOLLAR retraced early gains yesterday, after touching important technical barriers against the yen and D-Mark.

The US currency reached a high of DM 1.6647 early in the day, up from a London opening of DM 1.6610. But it failed to breach the DM 1.6650 barrier, and fell back to close in London at DM 1.6510. In New York it edged up to end at DM 1.6525.

Against the yen, the dollar pushed upwards through the important Y 129 level in Asian trading. The final impetus came from a $2bn purchase by a big Japanese player deliberately aimed at breaching the Y 129 level, market sources said.

The US unit had ended in New York on Friday at Y 128.95. By the London opening it had reached Y 129.45, but had dropped back to Y 129.15 by the close. In New York it finished still at Y 129.15.

One influence was a comment to Reuters by a Bank of Japan official that the dollar might face strong market resistance at around Y 130. Coming after last week's intervention by Japan, this was seen as a heavy hint of official opposition to a Y 130 rate. In spite of such comments, the dollar's weakening was "largely a technical correction", argued Michael Feeny of Sumitomo Bank, "not a panic caused by fears of central bank intervention".

Market participants had been reminiscing during the day about the last large-scale concerted intervention a year ago, he said. On that occasion, central banks failed to hold down the dollar for more than a week or so. Such recollections now, he added, were "perhaps a sign that the market is turning still more bullish".

Sterling was caught in the dollar backwash, trading at $1.7350 in the morning (compared with Friday's $1.7460) but closing at $1.7485. Against the D-Mark, the pound rose from Friday's DM 2.8822 and an opening rate of DM 2.8847 to touch DM 2.8852 before closing at DM 2.8835.

Sterling tracked its floor against the peseta for much of the day, rarely rising enough above it to encourage hopes of a green light for an easing in UK interest rates. The market noted weekend comments by Mr Carlos Solchaga, Spain's economy minister, which pointed out that the room for manoeuvre on peseta interest rates was limited by the actions of other EMS countries.

Mr Solchaga said: "It might be possible, if wages are fixed in accord with inflation goals, to lower rates a little and therefore not have the peseta near its upper limits, although I fear the currency markets will not easily let us do it." He added that if the UK cut interest rates in view of the coming elections, the effect on Spanish rates might depend on the size of the British cut. "If it is a small drop, perhaps we would not need to change ours."

Interpretations of these comments varied: London dealers were reading it as an indication that Spain would be unlikely to cut rates before the UK did. But share prices in Madrid moved higher in anticipation of an interest rate cut.

£ IN NEW YORK

Feb.24	Close	Previous Close
£ Spot	1.7460-1.7470	1.7420-1.7430
1 month	0.85-0.84pm	0.89-0.88pm
3 months	2.49-2.47pm	2.55-2.53pm
12 months	8.32-8.24pm	8.57-8.50pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

Feb.24	£	$
Brazil	2701.55 - 2703.40	1548.30 - 1548.50
Finland	7.8710 - 7.8930	4.5150 - 4.5180
Greece	329.050 - 334.400	188.650 - 192.690
Hong Kong	13.5400 - 13.5530	7.7600 - 7.7620
Iran	2472.00*	1420.00*
Korea(Sth)	1326.60 - 1348.00	763.30 - 772.50
Kuwait	0.51300 - 0.51400	0.29380 - 0.29430
Luxembourg	59.35 - 59.45	33.95 - 34.05
Malaysia	4.5130 - 4.5210	2.5870 - 2.5890
Mexico	5269.30 - 5281.05	3060.00 - 3061.00
N.Zealand	3.2295 - 3.2330	1.8490 - 1.8510
Saudi Ar.	6.4680 - 6.5450	3.7495 - 3.7505
Singapore	2.8675 - 2.8745	1.6440 - 1.6460
S.Af (Cm)	4.9875 - 4.9995	2.8610 - 2.8630
S.Af (Fn)	6.3740 - 6.4925	3.6495 - 3.7175
Taiwan	43.60 - 43.65	24.95 - 25.00
U.A.E.	6.3335 - 6.4105	3.6715 - 3.6735

*Floating rate. Iran Official rate £115.50 $66.80

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central Rates	Currency Amounts Against Ecu Feb 24	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.197	-4.07	6.17	70
Belgian Franc	42.4032	42.0766	-0.77	2.64	40
Dutch Guilder	2.31643	2.30223	-0.61	2.48	33
D-Mark	2.05586	2.04624	-0.46	2.33	33
Italian Lira	1538.24	1534.94	-0.21	2.07	13
Irish Punt	0.767417	0.766643	-0.10	1.96	7
French Franc	6.89509	6.95568	0.88	0.97	-46
Danish Krone	7.84195	7.92960	1.12	0.73	-49
Sterling	0.696904	0.709817	1.85	0.00	-57

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Feb 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7325 - 1.7510	1.7470 - 1.7480	0.86-0.84cpm	5.84	2.53-2.50pm	5.76
Canada	2.0610 - 2.0780	2.0770 - 2.0780	0.54-0.40cpm	2.95	1.43-1.31pm	2.64
Netherlands	3.2350 - 3.2460	3.2350 - 3.2450	¼-⅛cpm	0.93	½-¼pm	0.54
Belgium	59.20 - 59.45	59.35 - 59.45	6-2cpm	0.81	10-5pm	0.51
Denmark	11.1600 - 11.1805	11.1625 - 11.1725	⅜-⅛orepm	0.60	1¼-⅜pm	0.29
Ireland	1.0795 - 1.0820	1.0795 - 1.0805	0.02-parcpm	0.11	0.09-0.02pm	0.20
Germany	2.8775 - 2.8855	2.8775 - 2.8825	¼-⅛pfpm	0.78	½-¼pm	0.52
Portugal	246.90 - 248.20	246.90 - 247.90	47-67cdis	-2.76	188-217dis	-3.27
Spain	180.25 - 180.70	180.30 - 180.60	24-37cdis	-2.03	96-112dis	-2.31
Italy	2160.25 - 2164.85	2160.25 - 2161.25	2-4liredis	-1.67	8-10dis	-1.67
Norway	11.2725 - 11.3020	11.2875 - 11.2975	½-¼orepm	0.33	¼-⅜dis	-0.11
France	9.7850 - 9.8065	9.7850 - 9.7950	½-¼cpm	0.38	¾-¼pm	0.20
Sweden	10.4350 - 10.4540	10.4375 - 10.4475	1¾-2¼oredis	-1.80	5¼-6dis	-2.18
Japan	224.45 - 226.00	225.00 - 226.00	1-⅞ypm	4.66	2⅞-2¾pm	4.99
Austria	20.22 - 20.31	20.22 - 20.25	1⅞-⅜gropm	0.78	4¼-1⅞pm	0.99
Switzerland	2.6000 - 2.6150	2.6000 - 2.6100	⅝-½cpm	2.59	1⅞-1¾pm	2.50
Ecu	1.4070 - 1.4100	1.4075 - 1.4085	0.06-0.01cpm	0.30	0.07-0.03pm	0.17

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.80-4.75cpm. 12 Month 8.40-8.30pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7325 - 1.7510	1.7470 - 1.7480	0.86-0.84cpm	5.84	2.53-2.50pm	5.76
Ireland†	1.6030 - 1.6190	1.6180 - 1.6190	0.80-0.76cpm	5.78	2.40-2.34pm	5.86
Canada	1.1845 - 1.1895	1.1865 - 1.1875	0.27-0.29cdis	-2.83	0.89-0.93dis	-3.07
Netherlands	1.8510 - 1.8725	1.8535 - 1.8545	0.79-0.82cdis	-5.21	2.43-2.47dis	-5.29
Belgium	33.90 - 34.20	33.95 - 34.05	14.00-15.00cdis	-5.12	42.00-45.00dis	-5.12
Denmark	6.3850 - 6.4510	6.3875 - 6.3925	2.75-2.95oredis	-5.35	8.40-9.10dis	-5.48
Germany	1.6445 - 1.6645	1.6475 - 1.6485	0.70-0.71pfdis	-5.13	2.15-2.17dis	-5.24
Portugal	141.85 - 142.90	141.85 - 141.95	92-100cdis	-8.12	305-320dis	-8.81
Spain	103.10 - 104.20	103.20 - 103.30	68-70cdis	-8.02	208-213dis	-8.15
Italy	1236.00 - 1248.25	1236.25 - 1236.75	7.50-8.00liredis	-7.52	22.60-23.60dis	-7.47
Norway	6.4540 - 6.5165	6.4600 - 6.4650	2.95-3.15oredis	-5.66	9.30-10.00dis	-5.97
France	5.5950 - 5.6575	5.6000 - 5.6050	2.58-2.63cdis	-5.58	7.82-7.92dis	-5.62
Sweden	5.9590 - 6.0320	5.9725 - 5.9775	3.79-3.89oredis	-7.71	11.65-12.05dis	-7.93
Japan	129.00 - 129.45	129.05 - 129.15	0.11-0.12ydis	-1.07	0.24-0.26dis	-0.77
Austria	11.5925 - 11.7025	11.6240 - 11.6290	4.80-5.20grodis	-5.16	14.60-15.80dis	-5.23
Switzerland	1.4895 - 1.5070	1.4905 - 1.4915	0.40-0.43cdis	-3.34	1.21-1.25dis	-3.30
Ecu	1.2295 - 1.2435	1.2420 - 1.2430	0.57-0.55cpm	5.41	1.74-1.68pm	5.51

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Feb 24	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10½ - 10⅜	10½ - 10⅜	10⅝ - 10½	10⅝ - 10½	10⅝ - 10½	10⅝ - 10½
US Dollar	4⅛ - 4	4⅛ - 4	4⅛ - 4	4⅛ - 4	4⅜ - 4¼	5 - 4⅞
Can. Dollar	7¼ - 7⅛	7¼ - 7⅛	7⅜ - 6⅞	7⅜ - 7¼	7⅜ - 7¼	7½ - 7⅜
Dutch Guilder	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Swiss Franc	8¼ - 8	8 - 7⅞	7⅞ - 7¾	7⅞ - 7¾	7⅞ - 7¾	7⅞ - 7¾
D-Mark	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅞ - 9¾
French Franc	10 - 9⅞	10 - 9⅞	10 - 9⅞	10 - 9⅞	9⅞ - 9¾	9⅞ - 9¾
Italian Lira	12 - 10	12¼ - 11¼	12¼ - 11¼	12¼ - 11¾	12 - 11½	12 - 11½
Belgian Franc	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Yen	5¼ - 5⅛	5¼ - 5⅛	5¼ - 5⅛	5¼ - 5⅛	4⅞ - 4¾	4¾ - 4⅝
Danish Krone	9¾ - 9⅝	9¾ - 9⅝	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 10	10⅛ - 10
Asian $Sing	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½

Long term Eurodollars: two years 6-5⅞ per cent; three years 6⅝-6½ per cent; four years 7⅛-7 per cent; five years 7⅜-7¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb.24	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.748	2.880	225.5	9.790	2.605	3.240	2161.	2.070	59.40	1.408
$	0.572	1	1.648	129.0	5.601	1.490	1.854	1236	1.189	33.98	0.805
DM	0.347	0.607	1	78.30	3.399	0.905	1.125	750.3	0.722	20.63	0.489
YEN	4.435	7.752	12.77	1000.	43.41	11.55	14.37	9583	9.215	263.4	6.244
F Fr.	1.021	1.785	2.942	230.3	10.	2.661	3.309	2207	2.123	60.67	1.438
S Fr.	0.384	0.671	1.106	86.56	3.758	1	1.244	829.6	0.798	22.80	0.540
N Fl.	0.309	0.540	0.889	69.60	3.022	0.804	1	667.0	0.641	18.33	0.435
Lira	0.463	0.809	1.333	104.3	4.530	1.205	1.499	1000.	0.962	27.49	0.652
C $	0.481	0.841	1.386	108.5	4.711	1.254	1.559	1040	1	28.59	0.678
B Fr.	1.684	2.943	4.848	379.6	16.48	4.386	5.455	3638	3.498	100.	2.370
Ecu	0.710	1.241	2.045	160.2	6.953	1.850	2.301	1535	1.476	42.19	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
106	1.48	-	-	-	0.11	-
107	0.55	-	-	0.04	0.26	-
108	0.03	1.37	-	0.53	0.49	-
109	-	0.80	1.30	1.52	0.90	-
110	-	0.42	0.90	-	-	-
111	-	0.20	0.56	-	-	-
112	-	0.08	0.36	-	-	-
Open int.	138,629	78,469	9,483	104,413	56,151	3,276

Estimated volume 15,233 Total Open Interest 382,662

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7475	1.7390	1.7223	1.6997	1.6640

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Rates little changed

UK RATES ended the day "if anything slightly firmer", as one dealer put it, as the market came to terms with the realisation that there was unlikely to be a base rate cut before the Budget on March 10.

"I think a lot of people came in this morning with lingering hopes of a cut," said the dealer, "but realised that wasn't likely."

The key three months interbank rate, which closely shadows base rates, ended the day unchanged at 10⅝-10½ per cent.

Short sterling futures opened two basis points higher at 89.82, but ended at 89.80, unchanged from Friday. This indicates that, although the market may not be expecting an immediate base rate reduction, one is still anticipated before the contract falls due on March 18.

The overnight rate swung throughout the day, opening at 10¾-10⅝ per cent but falling as low as 9½ per cent by early afternoon. It then firmed all the way back up to 10½ per cent at the close as several big banks found themselves short.

The forecast shortfall was originally put at around £1.4bn, much higher than expected. The Bank of England acted early to take out most of the shortage, buying £750m of Band 1 bank bills at 10⅜ per cent outright, and £450m of paper for resale to the market on March 12 and 13 at 10⅞ per cent.

The shortfall was later revised upwards to £1.5bn, and the Bank bought another £250m of Band 1 bank bills at 10⅜ per cent.

In spite of the publication of economic data showing that French GDP was flat in the fourth quarter, the Bank of France left its intervention rate unchanged at 9.60 per cent at a securities repurchase tender to allocate funds for injection into the money market today. It accepted bids for FFr41.8bn in new liquidity, FFr3.1bn less than the FFr44.9bn that will leave the market today.

German call money rates were unchanged at 9.45/55 per cent as dealers waited for this week's repurchase transaction.

In the US, the Federal Reserve refrained from open market operations, in spite of analysts' expectations that it would add reserves to the banking system.

Federal funds were trading at 4 per cent, up from Friday's 3.90 per cent average. Traders are awaiting testimony today by Mr Alan Greenspan, Fed chairman, before the senate banking committee.

UK clearing bank base lending rate
10.5 per cent
from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.24) 3 months US dollars		6 months US Dollars	
bid 4⅛	offer 4¼	bid 4⅜	offer 4½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

4pm					
Prime rate	6½	One month	3.94	Three year	5.98
Broker loan rate	6	Two month	4.10	Five year	6.80
Fed.funds	4	Three month	4.04	Seven year	7.13
Fed.funds at intervention	-	Six month	4.21	10-year	7.48
		One year	4.47	30-year	7.97
		Two year	5.43		

Feb.24	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.45-9.55	9.50-9.60	9.50-9.60	9.50-9.60	9.45-9.55	9.75
Paris	9⅝-9¾	9⅞-10	9⅞-10	9⅞-10	9⅞-9⅞	9.60
Zurich	6⅞-7⅛	7⅜-7⅝	-	7⅜-7⅝	-	-
Amsterdam	9.50-9.63	9.50-9.58	-	9.48-9.55	-	-
Tokyo	5⅛-5¼	5⅛-5¼	-	-	-	-
Milan	11⅞-12¼	12⅛-12⅜	-	12⅛-12¼	-	-
Brussels	9.43-9.56	9½-9⅝	-	9½-9⅝	-	-
Dublin	10⅛-10⅜	10½-10⅝	10½-10⅝	10⅛-10⅜	10¼-10⅜	-

LONDON MONEY RATES

Feb 24	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10⅜	10½	10⅝	10⅝	10⅝	10⅝
Interbank Bid	9	10⅜	10⅝	10½	10½	10½
Sterling CDs	-	-	10½	10½	10½	10⅝
Local Authority Deps.	10⅜	10⅜	10⅝	10½	10⅝	10⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10⅜	10½	-	-	-	-
Company Deposits	-	-	10½	10⅝	10⅝	10⅝
Finance House Deposits	-	-	10⅝	10⅝	10⅝	10⅝
Treasury Bills (Buy)	-	-	10⅛	9⅞	9⅝	-
Bank Bills (Buy)	-	-	10⅛	9⅞	9⅝	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.27	4.30	4.65	4.85
SDR Linked Dep. Offer	-	-	6⅞	6⅞	6⅞	6⅞
SDR Linked Dep. Bid	-	-	6¾	6¾	6¾	6¾
ECU Linked Dep. Offer	-	-	10⅛	10⅛	10⅛	10
ECU Linked Dep. Bid	-	-	9⅞	9⅞	10	9⅞

Treasury Bills (sell); one-month 10 per cent; three months 9⅞ per cent; six months 9½ per cent; Bank Bills (sell): one-month 10⅛ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.7678 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day January 31, 1992. Agreed rates for period Feb.26, 1992 to March 24, 1992, Scheme I: 11.75 p.c., Schemes II & III: 12.01 p.c. Reference rate for period Jan 1,1992 to January 31, 1992, Scheme IV&V: 10.713 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from February 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991. Deposits withdrawn for cash 5 per cent.

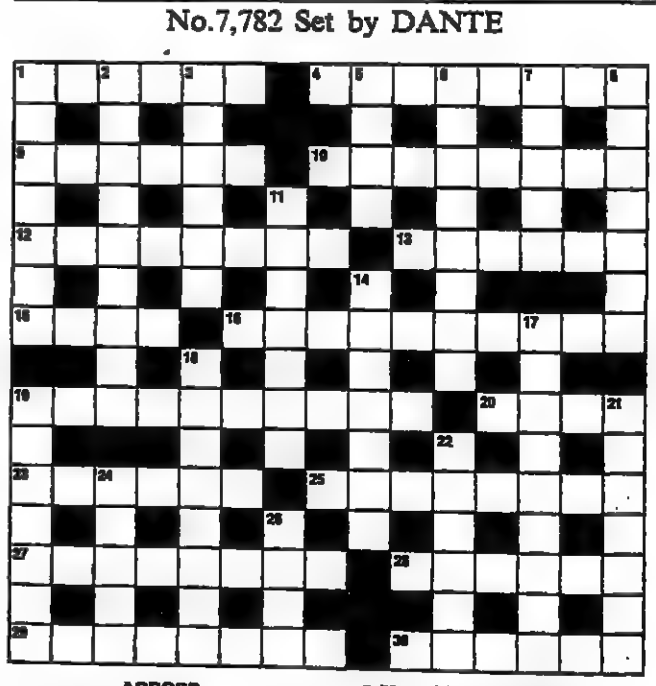
MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

CROSSWORD

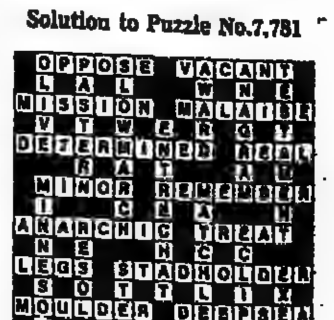
No.7,782 Set by DANTE



ACROSS
1 Valiant choir somehow held a note (6)
4 Glaring example of fabulous killer (8)
9 Up-to-date design centre (6)
10 The Italian buried in freshly dug trench in Buckinghamshire (8)
12 Switched-on motorists may have it! (8)
13 Hibernating snake wrapped around shelter (6)
15 Staple food? (4)
16 Penitentiary with unlimited accommodation (4,6)
19 Duplicate of the same type (6,4)
20 Cut price bargain (4)
23 Capture in French bunker (6)
25 What gun-runners take part in? (4,4)
27 A consumer whose tastes are all too human (8)
28 They are linked with land measures (6)
29 Little Desmond marries but doesn't expect to be happy! (8)
30 A girl came in to study the weapon (6)

DOWN
1 A girl I rather upset (7)
2 Vehicle that runs on tracks (6,3)
3 It's natural to find a hotel and eat out (6)
5 He foots the bill – and it hurts! (4)
6 Your ills may turn out to be imaginary (8)
7 One-man women (5)
8 Pink gin ordered for a VIP (4,3)
11 Close agreement (7)
14 They shoot out from hiding (7)
17 Feeling a nose isn't well-shaped (9)
18 Two women smiling as one (4,4)
19 Compelled a company to have a new creed (7)
21 Don't stop, although a person's upset (5,2)
22 Spasmodic trouble for our airways (6)
24 Picking-up points (5)
26 Henry's lost catch from the river? (4)

Solution to Puzzle No.7,781



WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Feb 24	Feb 21	Feb 20	Feb 19	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3282.42	3280.19	3280.64	3230.32	3282.42 (24/2)	3172.41 (2/1)	3282.42 (24/2/92)	41.22 (2/7/32)
Home Bonds	(u)	98.92	98.92	98.90	99.81 (6/2)	98.77 (3/2)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1451.79	1466.93	1467.68	1424.89	1467.68 (20/2)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	203.74	204.24	206.94	205.50	225.59 (3/1)	203.74 (24/2)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3305.01 (3307.47) Low 3253.58 (3242.17)

STANDARD AND POOR'S	Feb 24	Feb 21	Feb 20	Feb 19	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	412.27	411.43	413.90	408.26	420.77 (15/1)	407.38 (18/2)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	490.59	489.86	492.45	485.15	499.27 (15/1)	483.91 (18/2)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.63	34.44	34.50	34.06	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	227.62	227.46	228.60	225.85	231.85 (15/1)	225.65 (18/2)	231.85 (15/1/92)	4.46 (28/4/42)
Amex Mkt. Value	411.80	412.85	412.86	407.46	418.99 (12/2)	395.51 (2/1)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	624.93	629.75	632.23	622.41	644.92 (12/2)	586.45 (2/1)	644.92 (12/2/92)	54.87 (31/10/72)

	Feb 21	Feb 14	Feb 7	year ago (approx.)
Dow Industrial Div. Yield	2.78	2.82	2.88	3.47

	Feb 19	Feb 12	Feb 5	year ago (approx.)
S & P Industrial div. yield	2.60	2.54	2.56	2.91
S & P Indl. P/E ratio	25.03	25.61	25.43	17.89

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Unisys	4,274,300	9⅝	- ½
West. Elect.	2,303,600	20⅞	+ ½
Telefonos	2,221,400	55½	+ ¼
RJ Nabisco	1,841,700	10¼	+ ¼
Adv Micro	1,810,800	19	- ½
Glaxo	1,794,200	29	- ¼
Ford	1,662,500	36⅞	- ⅝
Ph Morris	1,591,200	75¼	+ ¼
GTE	1,576,300	30¼	+ ¼
Saatchi	1,531,300	[illegible]	...

TRADING ACTIVITY

† Volume Millions	Feb 24	Feb 21	Feb 20
New York SE	175,174	239,540	270,550
Amex	15,407	18,896	21,285
NASDAQ	(u)	246,849	247,096
NYSE			
Issues Traded	(u)	2,230	2,221
Rises	(u)	730	1,161
Falls	(u)	976	571
Unchanged	(u)	524	489
New Highs	(u)	119	154
New Lows	(u)	17	22

CANADA

TORONTO	Feb 24	Feb 21	Feb 20	Feb 19	1992 HIGH	1992 LOW
Metals & Minerals	3143.17	3132.01	3120.52	3134.95	3238.87 (16/1)	2935.22 (2/1)
Composite	3543.30	3536.60	3537.00	3543.30	3666.00 (16/1)	3493.66 (2/1)
MONTREAL Portfolio	1863.92	1856.17	1851.90	1855.78	1937.59 (16/1)	1851.90 (20/2)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

**Saturday February 22: Taiwan Weighted Price: 5074.80. Korea Comp. Ex: [illegible]
& Subject to official recalculation.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen. [illegible] and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and [illegible] Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday 24 February 1992

	Stocks Traded	Closing Prices	Change on day
Showa High	3.3m	1,190	-10
Clarion	3.1m	1,230	+40
Chiba Bank	3.0m	930	0
Nissan Chem	2.8m	800	+21
Shizuoka Bank	2.6m	1,210	-10
Nippon Zeon	2.3m	587	-12
Mitsubishi Kasei	2.2m	481	-4
Nippon Steel	2.1m	348	-4
Hitachi Cable	2.1m	777	-5
Cosmo Oil	2.1m	762	+7

4:00 pm prices February 24

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]

- B -

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
5⅝	4⅝	Bally Mfg				01778	7⅝	7¼	7¼	-¼
34⅜	31	Baltim G&E	2.10	6.7	13	761	31⅛	d30⅞	31⅛	+⅛
8½	5¼	Balt Bnkcp	0.60	7.3	1	141	8¼	7⅞	8¼	+⅛
48⅞	42¼	Banc One x	1.16	2.3		162844	u49½	47⅞	48⅝	+1⅜
6⅞	2⅞	BancFlrda			1	214	u7	6½	7	+⅛
30	26½	BancoBil V	1.44	5.1	9	13	28	27½	28	+½
20¼	16⅝	Banco Cntr			12	10	18⅞	d18⅝	18⅝	-¼
52	43⅞	BcpHawaii x	1.20	2.3	12	738	51⅝	51	51⅛	-⅜
134½	117½	Bandag Inc	1.20	1.0	21	74	126⅝	124⅝	125	-1⅜
42¼	35⅞	BankAmrca x	1.30	3.0	8	11199	u43¼	42	42⅝	+½
64	56	Bank Bost x	5.48	8.7		36	62⅞	62⅛	62⅞	
19⅞	11⅞	Bank Bostn	0.40	2.2		263718	19⅞	18	18⅛	-1⅛
37⅞	31	Bk Bosn P x	3.12	8.4		52	37	36½	37	-⅛
40⅞	30	Bank New Y	1.52	3.8		301493	39⅞	39¼	39½	
45⅞	43⅞	BankAm A	3.25	7.2		43	45	44⅞	45	+⅛
79½	72¼	BankAm B	6.00	7.6		23	78⅝	78⅛	78⅝	+⅛
66½	61⅞	Bankers Tr	2.54	4.0		81333	63⅞	63⅜	63½	+⅛
28½	25	Barcls ADR	1.76	6.3	14	15	27⅞	27⅞	27⅞	+⅛
34	26½	Bard (C R)	0.46	1.6		271468	29⅞	27⅞	29⅞	+1⅛
36⅛	35	Barnes Grp	1.40	4.0	13	54	35⅛	d35	35⅛	-⅛
37½	32⅛	Barnett Bk	1.32	3.6		202152	35⅞	34½	35⅞	+⅛
8	4⅞	Barold	0.20	3.4		172095	u6	5⅞	5⅞	
8½	7	Battle Mt	0.10	1.2		8243036	8⅛	8⅛	8⅛	-⅛
60¼	48½	Bausch Lmb	0.72	1.4		351672	51¼	49⅞	51	-⅛
50½	43⅛	Baxter Prt	3.15	6.2		190	u50½	50½	50½	
40½	32⅛	Barier	0.86	2.4		174230	35⅞	35⅜	35⅞	+⅛
24¼	21¼	Bay St Gas x	1.34	5.7	10	69	23⅝	23⅝	23½	-⅛
23⅛	21⅝	Bd Tr 1838	1.83	8.1		12	22⅝	22⅝	22⅝	-⅛
20⅞	16⅝	Bear Strns x	0.60	3.1		82055	19½	19⅛	19⅜	-⅛
45¼	43⅞	BearStPIA	3.13	7.0		2	44⅝	44¼	45	+⅞

[illegible]

- C - - D - - E - - F - - G - - H - - I - - J - - K - - L - - M - - N - - O - - P - Q - - R -

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices February 24

NASDAQ NATIONAL MARKET

4:00 pm prices February 24

- B -

- C -

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FINANCIAL TIMES

Tuesday February 25 1992

AMERICA

Investors show caution as Dow edges to new high

Wall Street

ALTHOUGH US stock markets lacked a firm direction yesterday in the absence of fresh economic news, the Dow blue chip indicator edged ahead to an all-time high, *writes Patrick Harverson in New York.*

At the close the Dow Jones Industrial Average was up 2.23 at 3,282.42, just eclipsing last Thursday's record of 3,280.64. The Standard & Poor's 500 finished 0.82 firmer at 412.28, but the Nasdaq composite of over-the-counter stocks, still under pressure from profit-taking, slipped 4.82 to 624.93. Turnover on the New York SE was light at 178m shares.

Although the Dow has reached new highs in recent days, the energy behind the market's rally from mid-December to mid-January appears to have dissipated.

Investors are now picking their stocks more carefully, sector rotation remains a dominant theme, and analysts predict that the market will probably not make further strides until it has evidence of an improvement in corporate earnings.

Among individual stocks, General Motors dipped $⅝ to $37¾ after reporting a $4.5bn loss in the full year of 1991. Although the losses and the plant closures had been expected, they underlined how hard the recession has hit the US manufacturing base. Ford and Chrysler eased in tandem, by $⅝ to $36⅞ and $¼ to $16⅞ respectively.

RJR Nabisco rose early on but ended unchanged at $10¾ in active trading after the company announced that it had bought back $1bn of high-cost debt in a private transaction. This will result in a first-quarter after-tax charge of about $160m.

Bank of Boston fell $1¼ to $18¼ as investors reacted to last Friday's news that the banking group had filed to offer 8m common shares.

Eljer Industries weakened $1 to $9¾ after the company said that it would take special reserves, write-offs and adjustments totalling $30m in the fourth quarter of 1991.

Texas Instruments eased $⅝ to $38⅝ on news that the computer chip manufacturer is in talks to buy the rights of Chips & Technologies' integrated circuits that imitate Intel's 386 microprocessor. Intel, quoted on Nasdaq, dropped $2¾ to $65¾.

Elsewhere on the Nasdaq market, Zenith Laboratories jumped $3¾ to $23¾ on reports that a US district court had ruled that Zenith's Cefadroxil drug does not infringe a Bristol-Myers Squibb patent.

Canada

TORONTO stocks closed a narrowly traded day on an uptick, ending a string of nine straight sessions of losses. Today's federal budget kept traders cautious, although most said they were expecting no major changes.

The composite index was finally 6.6 firmer at 3,543.2, while advances edged ahead of declines by 297 to 290 after a volume of 26.6m shares valued at C$237m.

France and Mexico gain from buoyant US

By Antonia Sharpe

Significant movements in second-line markets were disguised by a muted global equity performance last week. According to the FT-Actuaries World indices, the world index rose just 0.2 per cent in local currency terms.

France was the week's biggest gainer, advancing 4.5 per cent and returning to levels seen just before Iraq invaded Kuwait in August 1990. The market accelerated during the week in big volume as foreign and domestic investors aggressively bought stocks with exposure to cyclical industries and to the US economy, ahead of the close of the February account on Friday.

Analysts attribute the bourse's bullish mood to Wall Street, which reached a record high on Thursday, the stronger dollar, and to the sheer weight of money as international investors switched funds out of Germany and into France.

The market has also been encouraged by positive comments on the economy from the finance minister and by signs that the government is committed to improving the stock market's fortunes by creating personal equity plans and further privatisations. There is a general belief among analysts that French equities have further to run.

Mexico followed France with a 3.6 per cent rise in local terms, also buoyed by Wall Street, the prospect of lower interest rates, and foreign buying pressure. News on Friday that foreigners will be allowed to buy financial shares is expected to keep the market strong in the near term.

Hopes of cheaper money produced a 3 per cent gain in Malaysia, where cuts in deposit rates by local banks undermined efforts by the central bank to keep interbank rates above 8 per cent.

Malaysia was also lifted by speculative buying in the gaming sector. Tanjong was heavily bought on reports that its controlling shareholder planned to develop Kuala Lumpur's race course into a "city within a city".

By contrast, South Africa was the week's worst performer, losing 4.2 per cent in the wake of the government's defeat in a local by-election and President F.W. de Klerk's announcement of a referendum on his reform programme. Lower gold prices, which took 7 per cent off the local market's all-gold index, were also to blame.

One analyst says the market is unlikely to recover from the weight of rights issues currently under way until well into the next quarter. Some R6.7bn ($2.4bn), a large sum for the South African market, has already been raised in cash calls so far this year.

South African equities are also depressed by the effects of the worst drought in decades, which is likely to slow economic growth to 1.5 per cent, down from previous forecasts of 2 per cent, and reduce the trade surplus this year. A downturn in consumer spending is a further weight on the market.

The week's second worst performer was Norway, which fell 3.6 per cent, depressed by weaker oil prices following the Opec meeting and by a record net loss in 1991 from Norsk Hydro, the market leader.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1992	Start of 1992	Start of 1992
Austria	+2.40	+14.41	-6.01	+21.07	+18.96	+11.08
Belgium	+1.34	-0.49	+2.14	+4.08	+2.61	-4.19
Denmark	-0.11	-2.87	+2.88	+0.68	-0.49	-7.09
Finland	+1.30	+6.13	-5.31	+21.95	+19.44	+11.52
France	+4.48	+5.31	+14.80	+10.37	+8.19	+1.98
Germany	+1.41	+2.85	+4.91	+9.05	+7.40	+0.28
Ireland	-0.30	-0.27	+7.80	+4.79	+3.75	-3.12
Italy	+1.33	-2.21	-4.12	+7.27	+6.58	-0.46
Netherlands	+1.09	+0.99	+16.32	+6.78	+5.26	-1.73
Norway	-3.60	-7.40	-12.95	-0.79	-2.06	-8.57
Spain	-0.23	+2.23	+3.49	+5.22	+5.28	-1.70
Sweden	+0.40	-3.48	+0.82	+4.00	+3.27	-3.57
Switzerland	+1.57	+2.14	+16.09	+8.15	+5.12	-1.83
UK	+1.20	+1.36	+9.27	+2.42	+2.42	-4.37
EUROPE	+1.58	+1.80	+8.31	+5.58	+4.79	-2.15
Australia	+0.22	+0.06	+16.95	-2.88	+2.94	-3.89
Hong Kong	-0.86	+3.19	+38.25	+11.21	+19.37	+11.46
Japan	-0.28	-2.60	-19.41	-10.11	-6.54	-12.73
Malaysia	+2.98	+8.23	+4.06	+10.90	+24.80	+18.53
New Zealand	+2.10	+0.16	+7.71	-2.21	+5.13	-1.83
Singapore	+1.64	-2.00	+11.50	+2.30	+7.99	+0.83
Canada	-1.03	-2.39	+0.05	+1.18	+5.82	-1.19
USA	-0.29	-0.93	+13.56	-1.18	+5.82	-1.18
Mexico	+3.60	+10.93	+191.11	+22.56	+30.42	+21.78
South Africa	-4.22	-2.54	+28.75	+2.58	-4.81	-11.12
WORLD INDEX	+0.16	-0.61	+1.36	-1.92	+1.96	-4.79

† Based on February 21st 1992. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities

Kuwait delays bourse reopening

THE reopening of Kuwait's stock exchange, closed since the Iraqi invasion in August 1990, has been delayed until the government finalises an ambitious plan to write off all banking debt in the emirate, writes Mark Nicholson, Middle East Correspondent.

Exchange officials indicated in January that the market, which had an annual turnover of around $3bn before the Gulf war, might open next month. However, they now say that they are still awaiting financial reports from the 56 listed companies – which cannot be prepared until the debt plan is approved.

Details of the buy-out are still being discussed by the National Council, Kuwait's interim assembly, and approval is expected by the end of March. The government is proposing to buy KD5.84bn ($20bn) of debts from the banks and finance houses in return for a special sale of government bonds.

Some KD1.9bn of the debt is a residue from the 1982 collapse of the informal *Souq al Manakh* stock market, the remainder being debts outstanding to banks before the Gulf war.

Once the debt scheme is approved, bourse officials say the market could reopen within weeks.

ASIA PACIFIC

Nikkei drops below 21,000 as yen falls against dollar

Tokyo

THE NIKKEI average fell below 21,000 as worries ahead of testimonies by a leading politician concerning a political bribery scandal, scheduled for today, and the dollar's rebound against the yen discouraged investors, *writes Emiko Terazono in Tokyo.*

The index finished 318.57 down at 20,973.24 after opening at the day's high of 21,286.70 and hitting the day's low of 20,890.37 just before the close.

Turnover shrank to 130m shares from Friday's 200m, the lowest so far this year. Declines overwhelmed advances by 639 to 287, with 188 issues unchanged. The Topix index of all first section stocks lost 14.84 at 1,536.82, and in London the ISE/Nikkei 50 index eased 1.90 to 1,172.72.

News that Mr Zenko Suzuki, the former prime minister, will testify in today's parliamentary session regarding his involvement in a political bribery scandal prompted light selling.

Hopes of a cut in the discount rate, which had buoyed share prices last week, also receded, and rumours of a rise in the capital gains tax sent jitters through the market. Pessimism about the expiry of March futures contracts also prevailed.

Concern about corporate *earnings depressed the high*-technology sector. Nippondenso, a car air-conditioner maker with close ties with Toyota, weakened Y60 to Y1,260 on reports of record low sales and pre-tax profits for the current year to March.

Companies predicting that they would fall into the red in the current year lost ground. Victor of Japan fell Y50 to Y1,110 and Ricoh Y13 to Y550.

Tokio Marine and Fire dipped Y20 to Y1,060 on reports that claims for typhoon damages would erode its earnings.

Speculative issues were among the few gainers of the day, on short-term buying. Clarion rose Y40 to Y1,230 and Nippon Carbon Y80 to Y1,920.

In Osaka, the OSE average slipped 5.19 to 22,673.97 in volume of 181.9m shares. Traders attributed 95 per cent of the activity to cross-trading ahead of the March book closing. Companies with connections to the Sumitomo group were briskly traded. Sanyo Electric, the day's busiest issue, held at Y498 and Sumitomo Chemical was flat at Y435.

Roundup

AUSTRALIA recorded its highest close for more than a month, while the rest of the Pacific Rim was mixed.

AUSTRALIA rose on optimism about tomorrow's economic statement. The All Ordinaries index gained 5.5 to 1,627.0 in turnover of A$208m, against A$235m.

CRA climbed 16 cents to A$13.98: analysts said a weaker *Australian dollar and hopes of* an upturn in commodity prices was boosting the mining sector. Commonwealth Bank put on 7 cents to A$7.30 after the government said it did not plan to sell any of its 70 per cent holding.

HONG KONG slipped more than 30 points in the first hour of trading before rallying slightly. The Hang Seng index ended 20.85 off at 4,175.62 in turnover of HK$1.6bn, down from HK$2.1bn. Wharf Holdings retreated 30 cents to HK$12.40 on rumours of an offer of Wharf warrants by Hong Kong Realty.

SEOUL eased as investors grew cautious ahead of the general election on March 24. The composite index shed 3.23 to 637.73 in 18.69m shares.

TAIWAN's weighted index, up 60 points initially, finished a net 4.56 down at 5,070.24 in turnover of T$59bn. Reports that the central bank planned to remove its ban on foreign equity investment lifted financial stocks.

NEW ZEALAND fell as forestry stocks declined. The NZSE-40 index receded 10.14 to 1,489.55 in turnover of NZ$19m. Fletcher Challenge shed 6 cents to NZ$3.39 and Carter Holt Harvey eased 3 cents to NZ$2.40.

MANILA's composite index rose 32.23 to 1,188.31 in volume of 1.38bn shares. Philippine Long Distance Telephone gained 15 pesos to 885 pesos.

SINGAPORE was above the day's worst after late support, the Straits Times Industrial index losing 4.04 at 1,515.01 in *volume of 54m shares (86m).* KUALA LUMPUR's composite index dipped 4.87 to 610.86 on profit-taking in volume of 65.3m shares (91.7m).

EUROPE

CAC-40 nears 2,000 at start of new account

THE CONTINENT started the week in a positive mood, though trading became increasingly technical, *writes Our Markets Staff.*

PARIS rose for the sixth consecutive day as the new account opened, but it came off the day's high on afternoon profit-taking. Dealers reported that a large US sell program hit the market just before the close. The CAC-40 index reached 1,993.44 at midday but closed at 1,976.52, up 14.15. Volume eased to FFr3.6bn from FFr4.3bn.

Dealers were divided about the CAC-40's chances of rising above 2,000 this week. The CAC-40 was last above 2,000 on July 20, 1990. Some were worried that the bourse was running out of steam and that there would not be enough volume to push the index through this chart resistance point.

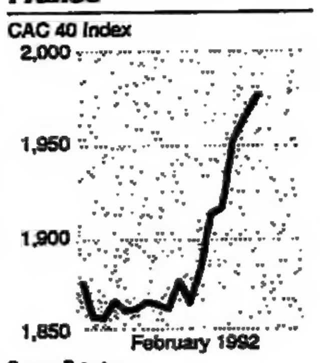
Euro Disney rose another FFr1.70 to FFr154.70 with 775,900 shares following last week's news that it would replace Perrier in the Cac-40.

Cerus, the French holding company of the Italian entrepreneur Mr Carlo de Benedetti, added FFr5.20 to FFr134.50 on rumours that a third party wanted a 10 per cent stake. Hachette and Matra advanced FFr13.50 and FFr5 respectively to FFr166 and FFr180 as investors searched for laggards.

FRANKFURT overcame a hesitant start and ended at another 18-month high. Dealers cautioned that the market was becoming too technical and had lost touch with fundamentals, such as the slowing economy and the increased cost pressure on earnings. The DAX index closed 11.47 higher at 1,729.10, while the FAZ index, calculated at midsession, rose 5.32 to 701.98. Volume fell to DM6.9bn from DM8.6bn.

Viag rose DM6.30 to DM379.80 after reporting an expected 20.5 per cent rise in 1991 profit. The mechanical engineering sector was also firmer with Preussag up DM4.80 to DM381.80 and Linde DM14 higher at DM817.

France



Source: Datastream

MILAN was encouraged by good February inflation data and prices continued to firm in the after-market. The Comit index rose 3.51 to 540.08 in turnover estimated at L80bn after L84.5bn.

Eridania, which is about to come under the control of its French subsidiary Béghin-Say, saw its ordinary shares rise L266 or 4 per cent to L6,900, while its saving shares added L215 or 4.3 per cent to L5,240. Dealers said these gains reflected late demand on Friday and that volume was light.

Cementir fell another L16 to L2,495 as the stock's speculative premium evaporated. The stock has lost 10 per cent since last Thursday, when it became clear that Caltagirone, Cementir's new majority shareholder, would not buy out minority shareholders.

MADRID rose on speculation that the central bank would cut interest rates today. The general index gained 1.40 to 260.35 in turnover estimated at Pta12bn. Telefónica reversed some of last week's losses to end up Pta40 or 3.6 per cent to Pta1,135.

AMSTERDAM consolidated after Friday's rally, as 1991 results due from Unilever today and Philips on Thursday kept activity low. The CBS Tendency Index edged up 0.1 to 126.2. KLM fell 40 cents to Fl 40.10 in active trading following weekend reports that merger talks with BA had reached a critical stage. Royal Dutch recovered from last week's poor results, moving up Fl 1.6 to Fl 143.40. Akzo, which reports 1991 results tomorrow, gained Fl 1.20 to Fl 145.50.

BRUSSELS rose to a 10-month high following a cut in the central bank's seven-day advances rate. The Bel-20 index gained 14.35, or 1.2 per cent, to 1,196.89 in turnover of BFr1.25bn.

CBR, the cement group, put on BFr400 to BFr8,750.0 on speculation that SGB might sell its 43 per cent stake.

ZURICH closed firmer, though uncertainty over the direction of German and US interest rates made investors cautious. The all-share SPI index rose 5.8 to 1,139.5, having earlier reached a high of 1,140.1.

STOCKHOLM ended mixed in quiet trade, the Affärsvärlden General Index down 0.3 to 931.3. Astra free B-shares, having risen as high as SKr577, finished up SKr5 at SKr570. Ericsson free B's lost early gains and closed unchanged at SKr113.

HELSINKI waited for results from Repola and Nokia, due later in the week. The HEX index put on 7.9 to 935.9 in turnover of FM34.5m.

ISTANBUL fell to a three-month low, the 75-share index closing down 381.62 or 9.6 per cent to 3,603.89.

FT-SE Eurotrack 100 - Feb 24

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1158.55	1159.91	1163.03	1164.29	1164.35	1162.88	1162.46	1163.91

Day's High 1164.60 Day's Low 1158.55

Feb 21	Feb 20	Feb 19	Feb 18	Feb 17
1154.51	1149.62	1140.09	1143.83	1135.65

Base value 1000 (26/10/90).

SOUTH AFRICA

JOHANNESBURG closed weaker on uncertainty over the timing of the referendum on political reforms. The overall index fell 25 to 3,511, matching a similar fall on the all-gold index which closed at 1,189. The industrial index shed 1 to 4,324.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY FEBRUARY 24 1992								FRIDAY FEBRUARY 21 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	144.68	−0.2	122.75	118.07	123.96	128.46	+0.2	4.30	144.98	123.04	117.95	124.33	128.25	160.31	112.74	133.58
Austria (20)	185.68	+0.4	157.53	151.53	159.09	159.41	+0.3	1.81	184.98	156.98	150.49	158.64	158.86	222.37	153.86	218.75
Belgium (46)	138.55	+0.2	117.55	113.06	118.71	116.17	+0.3	5.07	138.29	117.36	112.50	118.59	115.78	151.20	118.04	149.14
Canada (115)	134.44	−0.2	114.06	109.71	115.18	115.56	+0.1	3.18	134.68	114.29	109.56	115.48	115.46	144.28	126.49	137.09
Denmark (36)	247.83	−0.2	210.26	202.25	212.34	215.38	−0.3	1.66	248.22	210.66	201.94	212.87	218.07	273.94	217.74	268.97
Finland (15)	86.55	−0.5	73.43	70.63	74.16	82.04	−0.6	2.42	87.01	73.84	70.79	74.62	82.57	125.15	73.32	114.43
France (108)	154.67	+0.6	131.23	126.21	132.51	135.93	+0.7	3.27	153.39	130.17	124.78	131.53	134.98	154.70	119.11	148.06
Germany (65)	118.68	+0.9	100.68	96.86	101.68	101.68	+0.8	2.27	117.66	99.85	95.74	100.90	100.90	125.35	94.15	124.28
Hong Kong (55)	195.68	−0.5	166.01	159.68	167.66	194.97	−0.5	3.89	196.57	166.82	159.91	168.58	195.89	198.44	119.62	142.65
Ireland (18)	163.14	+0.4	138.41	133.13	139.77	142.02	+0.2	3.60	162.57	137.96	132.25	139.41	141.79	182.46	132.88	169.78
Italy (77)	75.65	+0.8	64.18	61.73	64.81	69.86	+0.7	3.31	75.03	63.67	61.03	64.34	69.37	88.23	64.76	88.23
Japan (473)	116.95	−1.3	99.22	95.43	100.21	95.43	−1.0	0.89	118.53	100.59	96.43	101.66	96.43	146.97	116.27	144.29
Malaysia (68)	248.10	−0.6	210.49	202.46	212.56	247.29	−0.7	2.69	249.58	211.81	203.04	214.03	248.91	250.18	189.18	228.84
Mexico (18)	1683.80	−0.6	1428.54	1374.08	1442.66	5634.31	−0.6	0.99	1694.11	1437.71	1378.22	1452.82	5666.82	1694.11	534.45	601.32
Netherland (31)	150.68	+0.4	127.84	122.96	129.10	127.50	+0.3	4.30	150.04	127.33	122.06	128.67	127.17	156.46	125.70	142.73
New Zealand (14)	45.52	−1.3	38.62	37.16	39.00	44.72	−0.9	6.14	46.12	39.14	37.52	39.55	45.15	54.64	41.18	48.77
Norway (24)	162.53	−0.6	137.89	132.64	139.26	142.57	−0.7	1.72	163.46	138.72	132.98	140.18	143.61	223.24	157.06	206.30
Singapore (38)	220.26	−0.6	186.87	179.74	188.71	166.97	−0.5	2.09	221.51	187.99	180.21	189.96	167.77	228.43	151.63	191.98
South Africa (61)	218.71	−1.1	185.56	178.48	187.38	176.08	−0.8	2.84	221.23	187.75	179.97	189.71	177.46	271.99	173.00	201.14
Spain (52)	155.52	+1.1	131.95	126.92	133.25	121.65	+0.9	4.55	153.75	130.48	125.09	131.85	120.58	171.12	131.51	168.40
Sweden (25)	174.91	+0.1	148.39	142.74	149.86	154.71	+0.1	2.91	174.67	148.23	142.10	149.80	154.57	204.12	146.60	191.58
Switzerland (59)	99.19	+0.7	84.15	80.95	85.00	91.69	+0.6	2.18	98.51	83.60	80.14	84.49	91.18	104.22	82.17	99.82
United Kingdom (233)	178.43	+0.7	151.38	145.59	152.86	151.38	+0.6	4.93	177.23	150.41	144.17	151.98	150.41	187.44	156.27	180.54
USA (523)	168.10	+0.1	142.62	137.19	144.03	168.10	+0.1	2.91	167.87	142.46	136.57	143.97	167.87	171.66	125.95	148.84
Europe (809)	145.51	+0.7	123.45	118.75	124.68	124.79	+0.6	3.87	144.51	122.63	117.56	123.93	124.02	151.52	125.50	149.01
Nordic (100)	173.63	−0.1	147.31	141.69	148.77	146.94	−0.2	2.19	173.80	147.49	141.39	149.04	147.24	200.81	155.55	193.43
Pacific Basin (717)	120.50	−1.2	102.23	98.34	103.25	99.38	−0.9	1.24	122.00	103.54	99.25	104.63	100.32	145.92	117.86	143.48
Euro−Pacific (1526)	130.77	−0.4	110.95	106.71	112.04	110.17	−0.3	2.41	131.27	111.40	106.79	112.57	110.45	147.66	121.29	146.10
North America (638)	165.96	+0.1	140.81	135.45	142.22	164.53	+0.1	2.92	165.76	140.67	134.87	142.18	164.31	169.69	125.91	148.03
Europe Ex. UK (576)	125.39	+0.7	106.38	102.35	107.46	109.24	+0.8	3.12	124.51	105.66	101.31	106.80	108.60	129.80	103.58	129.50
Pacific Ex. Japan (244)	155.63	−0.4	132.04	127.02	133.36	139.66	−0.3	3.83	156.29	132.64	127.17	134.05	140.04	158.39	111.40	133.09
World Ex. US (1720)	132.85	−0.4	112.71	108.42	113.83	112.37	−0.3	2.43	133.37	113.19	108.51	114.38	112.68	148.16	122.32	146.61
World Ex. UK (2010)	140.44	−0.3	119.15	114.61	120.34	127.33	−0.2	2.35	140.84	119.52	114.58	120.79	127.58	150.56	120.06	142.87
World Ex. So. Af. (2182)	143.28	−0.2	121.56	116.94	122.77	129.18	−0.1	2.62	143.53	121.81	116.78	123.10	129.30	153.05	122.92	145.88
World Ex. Japan (1770)	159.23	+0.3	135.09	129.95	136.45	149.16	+0.3	3.28	158.81	134.77	129.21	136.21	148.77	161.90	126.89	148.65
The World Index (2243)	143.74	−0.2	121.95	117.31	123.16	129.60	−0.1	2.62	144.01	122.21	117.16	123.51	129.74	153.70	123.28	148.21